



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



## **OFFICIAL NOTICE AND MEETING AGENDA OF THE CALIFORNIA BOARD OF ACCOUNTANCY**

**Committee on Professional Conduct Meeting**  
**Thursday, September 23, 2021, beginning at 9:00 a.m.**

**Enforcement Program Oversight Committee Meeting**  
**Thursday, September 23, 2021, beginning at 10:00 a.m.**

**California Board of Accountancy Meeting – Public Session**  
**Thursday, September 23, 2021, beginning at 10:45 a.m.**

**California Board of Accountancy Meeting – Public Session**  
**Friday, September 24, 2021, beginning at 9:00 a.m.**

The California Board of Accountancy will hold a public meeting via a teleconference platform. Pursuant to the provisions of Governor Gavin Newsom's Executive Order [N-08-21](#), dated June 11, 2021 a physical meeting location is not being provided.

Committee and California Board of Accountancy meetings will commence at 9:00 a.m. or later. The order, start times, or both, of the committee meetings and the California Board of Accountancy meeting are subject to change without notice.

### **INSTRUCTIONS FOR PARTICIPATION:**

If joining the Thursday, September 23, 2021 meeting by computer:  
Event address for attendees: <https://dca-meetings.webex.com/dca-meetings/j.php?MTID=m33db6f337de0c10ec972c20c2e1335df>  
Event number: 146 893 8792  
Event password: CBA923 (222923 from phone)

If joining by audio conference (phone):  
+1-415-655-0001 (US Toll)  
Enter Access code: 146 893 8792

If joining the Friday, September 24, 2021 meeting by computer:  
<https://dca-meetings.webex.com/dca-meetings/j.php?MTID=mda1e3a303c919085659523bb00be3e1f>  
Event number: 146 727 5110  
Event password: CBA924 (222924 from phone)

If joining by audio conference (phone):  
+1-415-655-0001 (US Toll)  
Enter Access code: 146 727 5110

## CBA Meeting September 23-24, 2021

Page 2 of 2

Instructions on how to observe and participate in the meeting using the WebEx platform can be found on the California Board of Accountancy's [website](#).

Members of the public may, but are not obligated to, provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will be required to provide a unique identifier, such as their initials or another alternative, so that the meeting moderator can identify individuals who wish to make a public comment. Participants who choose not to provide their email address may utilize a fictitious email address in the following sample format: [XXXXXX@mailinator.com](#).

Public comments will be limited to five minutes per person unless, in the discretion of the California Board of Accountancy President, circumstances require a shorter period. Members of the public will not be permitted to "yield" their allotted time to other members of the public to make comments.

Click [here](#) for information on how to interact and participate during a public meeting.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.**

## **CALIFORNIA BOARD OF ACCOUNTANCY COMMITTEE ON PROFESSIONAL CONDUCT**

### **TELECONFERENCE MEETING AGENDA**

**Thursday, September 23, 2021  
 9:00 a.m.**

#### **Important Notice to the Public**

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the Committee on Professional Conduct Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](http://www.cba.ca.gov).

**Call to Order, Roll Call, Establishment of Quorum, and  
 Opening Remarks (Luz Molina Lopez, Chair).**

<b><u>Agenda Item</u></b>	<b><u>CBA Item #</u></b>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the July 23, 2021 Committee on Professional Conduct Meeting.	XIV.C.
III. Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement ( <b>Dominic Franzella, Chief, Enforcement Division</b> ).	XVI.A.2.
IV. Agenda Items for Next Meeting.	
Adjournment	

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources or technical difficulties.

\*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Committee on Professional Conduct prior to the Committee on Professional Conduct taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Committee on Professional Conduct, but the Committee on Professional Conduct Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the Committee on Professional Conduct to discuss items not on the agenda; however, the Committee on Professional Conduct can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

California Board of Accountancy members who are not members of the Committee on Professional Conduct may be attending the meeting. However, if a majority of members of the full board are present at the Committee on Professional Conduct meeting, members who are not Committee on Professional Conduct members may attend the meeting only as observers.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy at 2450 Venture Oaks Way, Ste. 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.





**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.**

## **CALIFORNIA BOARD OF ACCOUNTANCY ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**

### **TELECONFERENCE MEETING AGENDA**

**Thursday, September 23, 2021  
 10:00 a.m.**

#### **Important Notice to the Public**

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the Enforcement Program Oversight Committee Chair for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](http://www.cba.ca.gov).

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Karriann Farrell Hinds, Esq., Chair).**

<b><u>Agenda Item</u></b>	<b><u>CBA Item #</u></b>
I. Public Comments for Items not on the Agenda.*	
II. Approve Minutes of the July 23, 2021 Enforcement Program Oversight Committee Meeting.	XIV.D.
III. Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application ( <b>Dominic Franzella, Chief, Enforcement Division</b> ).	XVI.B.2.
IV. Agenda Items for Next Meeting.	
Adjournment.	

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources.

\*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Enforcement Program Oversight Committee prior to the Enforcement Program Oversight Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Enforcement Program Oversight Committee. Individuals may appear before the Enforcement Program Oversight Committee to discuss items not on the agenda; however, the Enforcement Program Oversight Committee can take no official action on these items at the time of the same meeting. (Government Code section 11125.7(a))

California Board of Accountancy members who are not members of the Enforcement Program Oversight Committee may be attending the meeting. However, if a majority of members of the full board are present at the Enforcement Program Oversight Committee meeting, members who are not Enforcement Program Oversight Committee members may attend the meeting only as observers.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy Office at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards**

**DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY**

**TELECONFERENCE MEETING AGENDA**

**Thursday, September 23, 2021  
10:45 a.m. – 5:00 p.m.**

**Friday, September 24, 2021  
9:00 a.m. until Adjournment**

**Important Notice to the Public**

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the California Board of Accountancy President for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](http://www.cba.ca.gov).

Thursday,  
September 23,  
2021

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Nancy J. Corrigan, CPA, President).**

**Agenda Item.**

**10:45 a.m. –  
10:55 a.m.**

I. Public Comments for Items Not on the Agenda.

**10:55 a.m. –  
12:00 p.m.**

II. Report of the President.

A. Resolution for Retired California Board of Accountancy Member, George Famalett, CPA.

B. Discussion of Process for Annual Officer Elections.

C. Discussion of Process for Annual Executive Officer Evaluation.

**Agenda Item.**

- D. California Board of Accountancy 2021 Legislative Tracking Chart (**Patrick Ibarra, Information Officer**).
- E. Discussion Regarding Legislative Items Staff Present for California Board of Accountancy Consideration (**Deanne Pearce, Assistant Executive Officer**).
- F. Presentation Regarding the Implementation of Statutes (**Deanne Pearce, Assistant Executive Officer**).
- G. Presentation Regarding Pending Rulemaking Packages (**Deanne Pearce, Assistant Executive Officer**).
- H. Department of Consumer Affairs Director's Report on Departmental Activities (**Department of Consumer Affairs Representative, Office of Board and Bureau Services**).

**12:00 p.m. –  
12:15 p.m.**

- III. Report of the Vice-President (**Michael M. Savoy, CPA, Vice-President**).
- A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.
- B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.
- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**12:15 p.m. –  
12:30 p.m.**

- IV. Report of the Secretary/Treasurer (**Mark J. Silverman, Esq., Secretary/Treasurer**).
- A. Discussion of the Fiscal Year 2020-21 Fiscal Month 12 Financial Report.

**12:30 p.m. –  
1:30 p.m.**

Lunch

**1:30 p.m.  
Time-Certain**

- V. Petition Hearings.
- A. Jyothi Narayan, CPA 134193 – Petition for Termination of Probation and Reduction of Penalty.

**Agenda Item.**

- VI. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Petition.

Afternoon Break

**3:30 p.m. –  
5:00 p.m.**

- VII. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.
- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
- B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
- C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

- VIII. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

Recess Until September 24, 2021.

Friday,  
September 24,  
2021

**9:00 a.m. –  
9:40 a.m.**

Call to Order, Roll Call, and Establishment of a Quorum  
**(Nancy J. Corrigan, CPA, President).**

- IX. Report of the Executive Officer (**Patti Bowers, Executive Officer**).
- A. Update Regarding California Board of Accountancy's Administration Division (**Deanne Pearce, Assistant Executive Officer**).
- B. Presentation of the California Board of Accountancy Annual Report (**Deanne Pearce, Assistant Executive Officer**).
- C. Update on the California Board of Accountancy's Communications and Outreach (**Patrick Ibarra, Information and Planning Officer**).
- X. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

**9:40 a.m. –  
10:00 a.m.**

**Agenda Item.**

A. Enforcement Advisory Committee (**Doug Aguilera, CPA, Chair**).

There is no report on this agenda item.

B. Qualifications Committee (**Nasi Raissian, CPA, Chair**).

1. Report of the July 28, 2021 Qualifications Committee Meeting.

2. Approval of the 2022 Qualifications Committee Meeting Dates.

C. Peer Review Oversight Committee (**Jeffrey De Lyser, CPA, Chair**).

There is no report on this agenda item.

**10:00 a.m. –  
10:15 a.m.**

XI. Regulations.

A. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 70 – Fees (**Deanne Pearce, Assistant Executive Officer**).

**10:15 a.m. –  
10:30 a.m.  
10:30 a.m. –  
10:50 a.m.**

Morning Break

XII. Report of the Enforcement Chief (**Dominic Franzella, Chief, Enforcement Division**).

A. Enforcement Activity Report.

**10:50 a.m. –  
11:05 a.m.**

XIII. Report of the Licensing Chief (**Michelle Center, Chief, Licensing Division**).

A. Licensing Activity Report.

**11:05 a.m. –  
11:15 a.m.**

XIV. Meeting Minutes (**Nancy J. Corrigan, CPA, President**).

A. Adoption of the Minutes of the May 13-14, 2021 California Board of Accountancy Meeting.

B. Adoption of the Minutes of the July 22-23, 2021 California Board of Accountancy Meeting.

C. Acceptance of the Minutes of the July 23, 2021 Committee on Professional Conduct Meeting.

D. Acceptance of the Minutes of the July 23, 2021 Enforcement Program Oversight Committee Meeting.

**Agenda Item.**

**11:15 a.m. –  
11:35 a.m.**

**XV. Other Business.**

**A. American Institute of Certified Public Accountants.**

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

a. State Board Committee (**Katrina L. Salazar, CPA**).

**B. National Association of State Boards of Accountancy.**

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director (**Katrina L. Salazar, CPA**).
2. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Continuing Professional Education Committee (**Nancy J. Corrigan, CPA, President**).

b. Relations With Member Boards Committee (**Katrina L. Salazar, CPA, Chair**).

c. Strategic Planning Task Force (**Patti Bowers, Executive Officer**).

**11:35 a.m. –  
12:20 p.m.**

**XVI. Report on the Committee on Professional Conduct, Legislative Committee, and Enforcement Program Oversight Committee.**

**A. Committee on Professional Conduct (**Luz Molina Lopez, Committee Chair**).**

1. Report of the September 23, 2021 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement.

**Agenda Item.**

**B. Enforcement Program Oversight Committee  
(Karriann Farrell Hinds, Esq., Committee Chair).**

1. Report of the September 23, 2021 Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application.

**12:20 p.m. – XVII. Closing Business (Nancy J. Corrigan, CPA, President).  
12:30 p.m.**

**A. Agenda Items for Future California Board of Accountancy Meetings.**

**Adjournment.**

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources or technical difficulties.

\*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the California Board of Accountancy prior to the California Board of Accountancy taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the California Board of Accountancy, but the California Board of Accountancy President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the California Board of Accountancy to discuss items not on the agenda; however, the California Board of Accountancy can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy Office at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



# Department of Consumer Affairs California Board of Accountancy



## RESOLUTION

**WHEREAS**, George Famalett, CPA was appointed by Governor Edmond G. Brown, Jr. and he has faithfully served as a member of the California Board of Accountancy from November 23, 2015 through August 19, 2021; and

**WHEREAS**, he served as President in 2019, Vice-President in 2018, as a Chair and a member of the Committee on Professional Conduct, member of the Legislative Committee, and member of the Enforcement Program Oversight Committee, and California Board of Accountancy member liaison to the Enforcement Advisory Committee and Peer Review Oversight Committee; and

**WHEREAS**, throughout his term of service, at all times George Famalett, CPA gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

**WHEREAS**, he is a member of the California Society of Certified Public Accountants, American Institute of Certified Public Accountants, and the Association of Latino Professionals in Finance and Accounting; and

**WHEREAS**, George Famalett, CPA has been a tax partner at PricewaterhouseCoopers LLP since 2005. Prior to being named tax partner he held several other positions, including U.S. Indirect Tax Practice Leader and Specialty Partner Tax Team Leader for the San Jose tax practice; and

**WHEREAS**, his colleagues wish to express to him their high esteem and regard;

**NOW, THEREFORE, BE IT RESOLVED**, that the members of the California Board of Accountancy express heartfelt appreciation to George Famalett, CPA for the outstanding contribution he made during his term of service on the California Board of Accountancy and to the consumers of California.

---

Nancy J. Corrigan, CPA, President

---

Mark J. Silverman, Esq., Secretary/Treasurer

Dated: September 23, 2021



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.B.**  
September 23-24, 2021

## **Discussion of Process for Annual Officer Elections**

**Presented by: Nancy J. Corrigan, CPA, President**

---

### **Purpose of the Item**

The purpose of this agenda item is to inform the California Board of Accountancy (CBA) regarding the officer election process for President, Vice-President, and Secretary/Treasurer.

### **Consumer Protection Objectives**

Annually electing a President, Vice-President, and Secretary/Treasurer assists the CBA in ensuring it meets its statutory mandate of consumer protection.

### **Action(s) Needed**

Action is only needed by those CBA members who wish to be considered for an officer position.

### **Background**

The process for the election of officers and a detailed listing of applicable duties is outlined in the *CBA Member Guidelines and Procedures Manual*, pages 5-7 (**Attachment**).

### **Comments**

Each November, the CBA elects a President, Vice-President, and Secretary/Treasurer. CBA members who wish to be considered for a leadership position are encouraged to submit a one-page Statement of Qualifications to the Board Relations Analyst, Rebecca Reed, by e-mail at [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov) on or before October 8, 2021. The Statements of Qualifications will be included in the November 2021 CBA meeting materials, as part of an agenda item.

At the November 2021 CBA meeting, an opportunity will be provided for additional candidates for the officer positions to express their interest. All candidates may be given up to five minutes of floor time to describe why they are qualified for the position.

Please note that the President, Vice-President and Secretary/Treasurer each serve one-year terms, and may not serve more than two consecutive terms.

## **Discussion of Process for Annual Officer Elections**

Page 2 of 2

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

Excerpt from CBA Member Guidelines and Procedures Manual

# California Board of Accountancy

---

**CBA Member**

## **Guidelines and Procedures Manual**

CALIFORNIA BOARD OF  
ACCOUNTANCY

Updated  
January 2021



AMENDMENTS TO THE GUIDELINES AND PROCEDURES MANUAL  
Formerly: BOARD OPERATIONS MANUAL

September 30, 1994  
March 15, 1995  
June 10, 1997  
November 21, 1997  
January 23, 1998  
March 21, 1998  
January 26, 2001  
January 1, 2003  
April 1, 2004

Revised and Restated  
January, 2010

Amendments to the Guidelines and Procedures Manual

July 2012  
January 2013  
January 2014  
January 2015  
June 2015  
January 2016  
December 2016  
February 2017  
August 2017  
January 2018  
January 2019  
January 2020  
January 2021

*The information provided in this document is for the purpose of providing a general overview of the California Board of Accountancy guidelines and procedures. It is not intended to cover all topics or issues. The document does not supersede any statutes, regulations, or case law; and if there is a conflict, the statute, regulation, or case law is controlling. Further, this does not override legal advice by Department of Consumer Affairs or Attorney General's Office.*

F. OFFICERS (Ref. Business & Professions Code §§ 5003, 5004 & 5007).

The officers of the CBA are President, Vice-President, and Secretary/Treasurer.

1. Election of Officers.

The process for the election of officers is as follows:

- At the September CBA meeting, the President shall inform members that the election of officers will be held at the November CBA meeting.
- Interested candidates are requested to prepare a one-page written summary outlining their qualifications for the position for which they are applying, which will serve as a self-nomination. Candidates are limited to being nominated for one officer position. The summary is to be sent to the Executive Analyst by a date determined by the Executive Officer and CBA President.
- The nominations shall be distributed as part of the agenda items for the November CBA meeting.
- At the November CBA meeting, the President shall ask if there are any additional nominations for the officer positions. Any member who is nominated may be given up to five minutes of floor time to describe why they are qualified for the position.
- After all nominations have been confirmed, the President will close nominations.
- The vote for officer positions shall be held in the following order: Secretary/Treasurer, Vice-President, and President.
- A roll call vote will be taken for each officer position nominee, starting in alphabetical order by the candidate's last name.
- Members can vote "Yes," "No," or abstain from the vote for each nominee.
- The first nominee to receive a majority vote will win the officer position.
- In the event none of the nominees receive a majority vote, the voting will continue until a majority vote is received. To assist in this process, the President may allow nominees to make a statement regarding their qualifications, within an established and reasonable time limit.
- The President, Vice-President, and Secretary/Treasurer serve one-year terms and may not serve more than two consecutive one-year terms. The newly elected President, Vice-President, and Secretary/Treasurer shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.

2. Vacancy.

In the event of a vacancy of the Vice-President or Secretary/Treasurer prior to the annual election of officers, the CBA President shall make an interim appointment to fill the

vacancy effective until the next election cycle. In the event of a vacancy of the President, the Vice-President shall become the President.

### 3. Duties.

#### a. President.

The President shall perform general administrative duties, as well as the following:

- Preside over CBA meetings
- Approve the agenda and time schedule
- Appoint CBA members as Liaison to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee
- Appoint CBA members to CBA committees and task forces
- Establish other CBA committees as needed
- Make decisions regarding CBA matters between meetings
- Coordinate the annual evaluation of the Executive Officer
- When necessary, make interim appointments to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee, subject to ratification at the next CBA Meeting
- Monitor CBA member attendance at CBA Meetings, and report issues to DCA
- Make interim appointments to the Vice-President and Secretary/Treasurer positions should they become vacant mid-term
- Assign travel expense claims to be reviewed internally by CBA staff for adherence to established travel guidelines and subsequently, delegate approval to DCA's Director or Deputy Director of Board and Bureau Relations.
- Interface with the CBA staff regarding internal audit matters affecting the CBA. These matters include such issues as internal audit findings, requests for special reviews, and other related concerns or topics.

#### b. Vice-President.

The Vice-President shall perform the following:

- Act in the absence of the President
- Review applications and recommend appointments for membership on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review

Oversight Committee. Recommend reappointments of existing members, including appointments and reappointments for leadership roles.

- Perform any other duties as assigned by the CBA President
- Review and act upon time sensitive appeals to the CBA by CPA Licensure candidates

c. Secretary/Treasurer.

The Secretary/Treasurer shall perform the following:

- Act as Liaison to CBA staff for fiscal/budgetary functions and routinely report to the CBA regarding relevant matters. This includes reviewing the quarterly and year-end financial statements, in concert with the President. After review, the Secretary/Treasurer presents the financial statement to the CBA
- Perform other duties as requested by the CBA President

G. MEETINGS (Ref. Business & Professions Code §§ 5016 & 5017).

All meetings of the CBA and its committees, subcommittees and task forces are subject to the Bagley-Keene Open Meeting Act. This Act is summarized in a document developed by DCA, and includes statutory requirements for conducting Teleconference, Emergency Meetings, or both. **(Appendix 1)** Pursuant to the provisions of Governor Gavin Newsom's Executive Order N-29-20 in response to the COVID-19 pandemic, travel restrictions and social distancing requirements may necessitate CBA and committee meetings being conducted by way of video conference.

1. Frequency.

The CBA meets regularly during the year. The dates are normally established annually at the January or March meeting for the following calendar year.

2. Locations.

The CBA chooses locations that are American's with Disabilities Act compliant and easily accessible to the public, applicants, and licensees. Pursuant to Business and Professions Code section 101.7, the CBA must meet at least two times each calendar year, once in Northern California and once in Southern California to facilitate participation by the public and its licensees. The CBA also recognizes its responsibility regarding the public's concern for the judicious use of public funds when choosing meeting facilities and overnight accommodations.

3. Attendance.

Members are expected to attend all scheduled CBA meetings. Regular attendance ensures current knowledge of procedures and policies as well as an equitable sharing of duties and responsibilities.





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.C.**  
September 23-24, 2021

## **Discussion of Process for Annual Executive Officer Evaluation**

**Presented by: Nancy J. Corrigan, CPA, President**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the annual Executive Officer Evaluation.

### **Consumer Protection Objectives**

The annual performance appraisal provides CBA members and the Department of Consumer Affairs' (DCA) leadership team an opportunity to evaluate the performance of the Executive Officer in a fair, impartial, and transparent manner to ensure the performance assists the CBA in meeting its consumer protection mission.

### **Action(s) Needed**

Upon receipt, CBA members are asked to complete the Executive Officer performance evaluation form.

### **Background**

The CBA President and Vice-President issue an evaluation to the Executive Officer on an annual basis, typically occurring at the November CBA meeting. The evaluation is based on input from all CBA members and DCA's leadership team. Once the evaluation is complete, a copy is placed in the Executive Officer's Official Personnel file.

### **Comments**

Following the September CBA meeting, DCA will provide CBA members with an evaluation form to offer feedback regarding the Executive Officer's performance. Each CBA member independently completes the form, rating and commenting on the Executive Officer's performance in each applicable category.

To assist members in completing the evaluation, the CBA Annual Report is an excellent resource. The fiscal year 2020-21 CBA Annual Report is included as **CBA Agenda Item IX.B**. Additionally, members may wish to reflect on the Executive Officer Monthly Reports, presentations at prior CBA meetings, and the many communications that have been provided during the prior fiscal year. All of these resources provide an overview of

## **Discussion of Process for Annual Executive Officer Evaluation**

Page 2 of 2

the activities, projects, programs, and accomplishments for which the CBA Executive Officer has overseen.

CBA members will have available their completed evaluation forms at the November CBA meeting where they will convene into a closed session to discuss the forms, review the performance appraisals from DCA's leadership team, and finalize the performance evaluation for the CBA Executive Officer.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

None.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.D.**  
 September 23-24, 2021

## California Board of Accountancy 2021 Legislative Tracking Chart

Bill #	Author	Topic	Version	CBA Position	Location/Status (As of September 1, 2021)
AB 29	Cooper	State Bodies: Meetings	12/7/20	Watch	Assembly Appropriations Committee (Two-Year Bill)
AB 105	Holden	The Upward Mobility Act of 2021: Boards and Commissions: Civil Service: Examinations: Classifications	8/31/21	Watch	Senate Floor
AB 107	Salas	Licensure: Veterans and Military Spouses	8/26/21	Support	Senate Floor
AB 298	Irwin	Accountancy: California Board of Accountancy	6/17/21	Sponsor	Governor's Desk
AB 646	Low	Department of Consumer Affairs: Boards: Expunged Convictions	4/14/21	Watch	Assembly Appropriations Committee (Two-Year Bill)
AB 885	Quirk	Bagley-Keene Open Meeting Act: Teleconferencing	3/24/21	Support	Assembly Governmental Organization Committee (Two-Year Bill)
AB 1026	Smith	Business Licenses: Veterans	2/18/21	Support	Assembly Appropriations Committee (Two-Year Bill)
AB 1316	O'Donnell	School Accountability: Financial and Performance Audits:	5/24/21	Watch	Assembly Floor (Inactive File)

<b>Bill #</b>	<b>Author</b>	<b>Topic</b>	<b>Version</b>	<b>CBA Position</b>	<b>Location/Status (As of September 1, 2021)</b>
		Charter Schools: Contracts			
AB 1386	Cunningham	License Fees: Military Partners and Spouses	4/28/21	Support	Assembly Appropriations Committee (Two-Year Bill)
SB 607	Roth	Professions and Vocations	8/30/21	Support	Assembly Floor
SB 702	Limón	Gubernatorial Appointments: Report	7/1/21	Support	Assembly Floor
SB 731	Durazo	Criminal Records: Relief	8/30/21	Watch	Assembly Floor
SB 772	Ochoa Bogh	Professions and Vocations: Citations: Minor Violations	2/19/21	Watch	Senate Business, Professions and Economic Development Committee (Two-Year Bill)

### **Attachments**

1. 2021 Tentative Legislative Calendar (Revised 12-21-2020)
2. Considerations for Taking Positions on Legislation

2021 TENTATIVE LEGISLATIVE CALENDAR  
COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK  
Revised 12-21-2020

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- [Jan. 11](#) Legislature **reconvenes** (J.R. 51(a)(1)).
- [Jan. 18](#) Martin Luther King, Jr. Day.
- [Jan. 22](#) Last day to submit **bill requests** to the Office of Legislative Counsel.

- [Feb. 15](#) Presidents’ Day
- [Feb. 19](#) Last day for bills to be **introduced** (J.R. 61(a)(1)), (J.R. 54(a)).

- [Mar. 25](#) **Spring Recess** begins upon adjournment of this day’s session (J.R. 51(a)(2)).
- [Mar. 31](#) Cesar Chavez Day.

- [Apr. 5](#) Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).
- [Apr. 30](#) Last day for **policy committees** to hear and report to Fiscal Committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

- [May 7](#) Last day for **policy committees** to hear and report to the Floor **non-fiscal** bills introduced in their house (J.R. 61(a)(3)).
- [May 14](#) Last day for **policy committees** to meet prior to June 7 (J.R. 61(a)(4)).
- [May 21](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (a)(5)). Last day for **fiscal committees** to meet prior to June 7 (J.R. 61 (a)(6)).
- [May 31](#) Memorial Day.

\* Holiday schedule subject to final approval by Rules Committee

2021 TENTATIVE LEGISLATIVE CALENDAR  
COMPILED BY THE OFFICES OF THE SECRETARY OF THE SENATE AND THE CHIEF CLERK  
Revised 12-21-2020

JUNE						
S	M	T	W	TH	F	S
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	5
6	<u>7</u>	8	9	10	11	12
13	14	<u>15</u>	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY						
S	M	T	W	TH	F	S
				1	<u>2</u>	3
4	5	6	7	8	9	10
11	12	13	<u>14</u>	15	<u>16</u>	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	<u>16</u>	17	18	19	20	21
22	23	24	25	26	<u>27</u>	28
29	<u>30</u>	<u>31</u>				

SEPTEMBER						
S	M	T	W	TH	F	S
			<u>1</u>	<u>2</u>	<u>3</u>	4
5	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

June 1-4 **Floor Session Only.** No committee, other than Conference or Rules, may meet for any purpose (J.R. 61(a)(7)).

June 4 Last day for bills to be **passed out of the house of origin** (J.R. 61(a)(8)).

June 7 Committee meetings may resume (J.R. 61(a)(9)).

June 15 **Budget bill** must be passed by **midnight** (Art. IV, Sec. 12 (c)(3)).

July 2 Independence Day observed.

July 14 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

July 16 **Summer Recess** begins upon adjournment of this day's session, provided Budget Bill has been passed (J.R. 51(a)(3)).

Aug. 16 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

Aug. 27 Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(a)(11)).

Aug. 30-Sept. 10 **Floor Session only.** No committees, other than conference committees and Rules Committee, may meet for any purpose (J.R. 61(a)(12)).

Sept. 3 Last day to **amend** bills on the Floor (J.R. 61(a)(13)).

Sept. 6 Labor Day.

Sept. 10 Last day for **each house to pass bills** (J.R. 61(a)(14)).  
**Interim Study Recess** begins at end of this day's session (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

**2021**

Oct. 10 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 10 and in the Governor's possession after Sept. 10 (Art. IV, Sec. 10(b)(1)).

**2022**

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51 (a)(4)).



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 2

### **Considerations for Taking Positions on Legislation**

As new bills are introduced or amended in the Legislature, the California Board of Accountancy (CBA) may take a variety of positions, which are outlined below. Introduced legislation rarely passes through the legislative process without amendments and those amendments may change the CBA's position. Should the CBA take a position on a bill, staff will track the legislation and update the CBA on any developments.

#### **Positions the CBA May Take**

##### **Sponsor:**

The CBA is the sponsor of a bill, meaning the CBA participated in the development of the legislation, will provide technical assistance to the author on any related policy areas, and advocate its passage.

##### **Support:**

CBA supports the bill as currently written and sends a letter of support to interested legislators. The CBA may decide to take proactive action in favor of the bill.

##### **Support if Amended:**

The CBA supports the concept, or certain portions of the bill, but requests an amendment to obtain the CBA's full support. This position would be communicated to legislators along with the requested amendment. If the CBA's amendment is accepted without further significant amendments, the CBA's position will be changed automatically to support the bill, and a letter reflecting this new position will be sent to the Legislature.

##### **Neutral:**

The bill in question may affect the CBA's interests in some way, but the CBA does not have a formal position. If the CBA adopts a Neutral position, it may wish to consider sending a letter to explain its viewpoint.

##### **Oppose unless Amended:**

The CBA opposes the bill as presently written, but if the bill were amended as requested by the CBA, the CBA's position would change to neutral. This position will be communicated to the author and other legislators, along with the suggested amendment. If the CBA's amendment is accepted without a

## **Considerations for Taking Positions on Legislation**

Page 2 of 2

significant change, a letter will be sent withdrawing the CBA's opposition and stating a new position.

### **Oppose:**

The CBA opposes the bill. There are no reasonable or anticipated amendments that would change the CBA's position. The CBA would send a letter of opposition to the author and other legislators and may consider taking proactive action against the bill.

### **Watch:**

The bill may develop into an item of interest for the CBA. Staff will continue to monitor the bill and update the CBA on any developments.

### **Discontinue Following:**

The bill has changed in such a way that it is no longer of interest to the CBA. Staff will stop monitoring and providing updates on the bill.

Throughout the legislative process, staff will track the bills that the CBA takes a position on, and monitor other legislation that may be of interest to the CBA.





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.E.**  
September 23-24, 2021

## **Discussion Regarding Legislative Items Staff Present for California Board of Accountancy Consideration**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of Item**

The purpose of this agenda item is to provide an overview of how staff determine which legislation is presented to the California Board of Accountancy (CBA) for discussion and a possible position.

### **Consumer Protection Objectives**

It is critical to ensure the CBA is informed regarding legislative proposals that may impact its consumer protection mission.

### **Action(s) Needed**

No specific action is required on this item; however, staff welcome any feedback the CBA may have.

### **Background**

This agenda item was prepared at the request of a CBA member, to promote discussion regarding the subject matter of legislation the CBA may wish to take a position on.

### **Comments**

Each year members of the Legislature introduce bills that propose wide-ranging impacts for California. Staff review the proposed legislation and present those measures to the CBA that relate to its consumer protection mission and oversight of the practice of public accountancy in California.

To determine which legislation to present, staff primarily base it on the following factors:

- legislation that directly impacts the CBA statutes (Business and Professions Code (BPC) sections 5000-5158)
- legislation that impacts BPC sections that govern the Department of Consumer Affairs (DCA) and the Boards and Bureaus (BPC sections 1-499)

## **Discussion Regarding Legislative Items Staff Present for California Board of Accountancy Consideration**

Page 2 of 2

- topics of interest or concern to the Governor's Administration (e.g., under the current Governor's Administration, there has been a focus on statutory changes that impact refugees, asylees, or special immigrant visa holders)
- topics of interest identified by the current or prior CBA composition
- topics of concern nationally that have California impacts (e.g., deregulation)
- legislation that impacts other code sections that provide general oversight and guidance to CBA functions (e.g., the Government Code)

Using these factors, staff have developed a list of terms to use in the CBA's legislative tracking software to identify legislation for review.

Prior to bringing legislation that meets the above criteria to the CBA for discussion, staff and management perform additional steps, including the following:

- thoroughly review each legislative proposal
- determine whether there is a direct or indirect impact to the CBA
- communicate with the author's office, DCA, and other stakeholders as warranted
- decide the best timing for presentation to the CBA (March CBA meeting or later based on the subject matter of the legislation and information received during the preliminary analysis)
- determine whether to conduct an analysis or place on a monitoring list to see if and how the legislation develops

The topics of legislation discussed by the CBA is an evolving nature and staff welcome feedback regarding changes that will enhance the legislative review process.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

None.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.F.**  
September 23-24, 2021

## **Presentation Regarding the Implementation of Statutes**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of Item**

The purpose of this agenda item is to provide an overview of the process followed by California Board of Accountancy (CBA) staff to implement new statutory provisions enacted following the passage of legislation.

### **Consumer Protection Objectives**

Staff understand the need to plan for and implement statutory provisions that relate to the CBA's regulatory oversight role, including its consumer protection mission.

### **Action(s) Needed**

No specific action is required on this item; however, staff welcome any feedback the CBA may have.

### **Background**

The Director of the Department of Consumer Affairs (DCA) has recommended that boards provide information to its members regarding the process to both implement legislation and communicate this information to its members.

### **Comments**

Each year the Legislature introduces legislation that propose wide-ranging impacts for California. Staff review the proposed legislation and present those measures to the CBA that relate to its consumer protection mission and oversight of the practice of public accountancy in California. If the legislation passes through the Legislature and is signed into law by the Governor<sup>1</sup>, the CBA must engage in necessary activities to implement the relevant provisions.

Generally, statutory changes take effect on January 1 of the year following when the Legislature has passed the legislation. For example, legislation passed in 2021 and signed by the Governor, becomes effective on January 1, 2022. There are a couple of exceptions. Legislation could have a delayed implementation if the Legislature includes a specific effective date or if the legislation is an urgency measure, it becomes effective upon the Governor's signature.

---

<sup>1</sup> The Governor can sign the bill into law or allow it to become law without his or her signature.

## **Presentation Regarding the Implementation of Statutes**

Page 2 of 3

The following provides an overview of the different stages where activities occur to implement a new statute.

### **Stage 1: Planning for a Bill to Become a Law**

Staff begin identifying possible activities for implementation when it identifies legislation (a bill) that relates to the CBA. During this stage, staff gather information and may contact the author's office, DCA, or other stakeholders. Staff include relevant information in an analysis regarding the impact on the CBA and any associated economic and fiscal impact.

Division Chiefs and program managers are key in assessing any impact on their program. As legislation progresses and is amended, staff re-evaluate the impact on the CBA and update the analysis as needed. Should the legislation be signed into law, which typically occurs in or around September and early October, staff only have a short timeframe to plan for implementation until the new statute becomes effective on January 1.

### **Stage 2: A Bill Becomes Law**

Although staff begin preliminary implementation work when legislation is introduced, in most instances, the majority of work occurs once the legislative session concludes and the various CBA-related bills are signed into law.

Initially, CBA legislative staff coordinate a meeting with Executive Management, Division Chiefs and designated management. This meeting establishes project ownership and a project lead – specifically what program will be leading the implementation efforts. In many cases, implementation involves all program areas and is successfully achieved when all programs work together on the various tasks.

The project lead is responsible for preparing an outline of tasks and deadlines to ensure the measure is implemented consistent with its effective date. This planning document is reviewed by all those who have an assigned task and approved by management.

The planning process must include regular meetings and updates with the Executive Officer and senior management on implementation. Updates to the CBA on implementation activities may be included the monthly Executive Officer's Report (EO Report) or the Division reports at each CBA Meeting. In certain circumstances, interim communications to the CBA and stakeholders are also issued.

There are some unique circumstances that require activities not typical of all legislation, including legislation that requires the CBA to obtain additional resources or if the legislation requires regulations or implements a new program.

### **Stage 3: Implementation and Communication**

Once all work on implementation is complete, notification is provided to the Executive Officer, reported to the CBA via monthly EO Reports, CBA meetings, or both. In some instances, staff report implementation progress and completion to DCA.

## **Presentation Regarding the Implementation of Statutes**

Page 3 of 3

Additionally, information on legislation is included in the CBA's UPDATE publication, the CBA Annual report, the DCA Annual Report, and the Sunset Review report.<sup>2</sup>

With the collection of email addresses, staff can now provide focused communications to licensees. Further, social media and posting information on the CBA website are additional tools that can be used to announce the implementation of new laws.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

None.

---

<sup>2</sup> The Sunset Review Report provides a four-year history of all legislation impacting the CBA.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item II.G.**  
September 23-24, 2021

## **Presentation Regarding Pending Rulemaking Packages**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of Item**

The purpose of this agenda item is to provide a status on the California Board of Accountancy's (CBA) pending rulemaking packages.

### **Consumer Protection Objectives**

The CBA adopts regulations through the rulemaking process as a means to implement, interpret, or make specific various statutes (primarily in the Accountancy Act). These regulations further aid the CBA in its consumer protection mission. Additionally, the rulemaking process provides consumers an opportunity to participate and provide input regarding proposed regulatory changes.

### **Action(s) Needed**

No specific action is required on this item.

### **Background**

California requires that a state agency follow the Administrative Procedure Act (APA) (Government Code section 11340 *et. seq.*) when adopting regulations. This is commonly referred to as the rulemaking process.

The California Legislature created and entrusted the Office of Administrative Law (OAL) with ensuring that a state agency complies with the rulemaking procedures and standards required by the APA. The rulemaking process:

- Provides the public a meaningful opportunity to participate
- Ensures that the state agency creates an adequate record for OAL and judicial review.

Provided OAL determines that a state agency has satisfied the basic requirements of the APA, it will approve regulations. Regulations properly adopted through the APA and approved by OAL have the same force as law.

## Presentation Regarding Pending Rulemaking Packages

Page 2 of 3

One of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of regulations. One of the steps included in the APA is that a state agency must file a Notice of Proposed Action (Notice) with the OAL. The Notice contains various information regarding the purpose and nature of the proposed regulations. It also has important information for the public, including:

- Deadlines for submitting comments,
- Date, time, and location of a public hearing,
- Where to locate and obtain copies of supporting information for the proposed regulation, and
- Point of contact for the state agency.

Once the Notice is filed, OAL will publish the Notice in its weekly publication *The California Regulatory Notice Register*. The publication of the Notice in *The California Regulatory Notice Register* begins the required 45-day written public comment period. During this period, individuals of the public may submit written comments regarding the proposed rulemaking. According to OAL:

Effective comments are based on an understanding of the statutes and factual material the agency relies on in proposing the regulation, on an understanding of what the proposed regulation is intended to do, and on an understanding of the standards the regulation must satisfy. Comments should be directed at the proposed regulation provisions and/or procedures followed by the agency in proposing the regulations. One of the primary purposes of providing the opportunity for public comment is to allow interested persons to present ways of improving the regulations.

As part of the finalization of the rulemaking activities, the CBA must address all public comments (written or oral) by either accepting or rejecting the comments.

The CBA must include the responses to the comments in the Final Statement of Reasons (FSOR). The FSOR is submitted to OAL as part of the final rulemaking package, along with many other documents legally supporting the proposed regulatory change(s) and documenting the APA process was followed.

The rulemaking package must be submitted to OAL within one year of the date the Notice was published in *The California Regulatory Notice Register*. If this deadline is not met, the agency will need to start the rulemaking process over.

### Comments

Regulations that the CBA seeks to adopt undergo a lengthy review process by various state agencies, including the Department of Consumer Affairs (DCA); Business, Consumer Services and Housing Agency; and Department of Finance. To ensure the success of each rulemaking, DCA has established a rigorous review process from the initiation of a rulemaking to the submission of the final package to OAL.

## Presentation Regarding Pending Rulemaking Packages

Page 3 of 3

The rulemaking process can take a minimum of 24 months, which includes agency development time and the necessary legal and fiscal reviews. **Attachment 1**<sup>1</sup> provides an overview of the process used by DCA.

The CBA has several proposed regulatory changes that are in various stages of the rulemaking process. The following identifies the subject of each rulemaking, with an associated attachment providing more specific details.

- Practice Privilege Notification Form (**Attachment 2**)
- Attest Experience Form (**Attachment 3**)
- Fee Increase (**Attachment 4**)
- Sale, Transfer, or Discontinuance of Licensee's Practice (**Attachment 5**)
- Continuing Education Requirements – Nano and Blended Learning, Reduction of Fraud hours/CE Model Standards (**Attachment 6**)
- Satisfactory Evidence of Educational Qualifications (**Attachment 7**)
- Continuous Testing for the Uniform CPA Examination (**Attachment 8**)
- Elimination of Second Signer on Certificates of Experience (*Note: this concept was approved by the CBA at its July 2021 meeting; however, staff are working with DCA Legal Counsel regarding the development of regulatory language.*)

### Fiscal/Economic Impact Considerations

There are no fiscal/economic impact considerations.

### Recommendation

Staff do not have a recommendation on this agenda item.

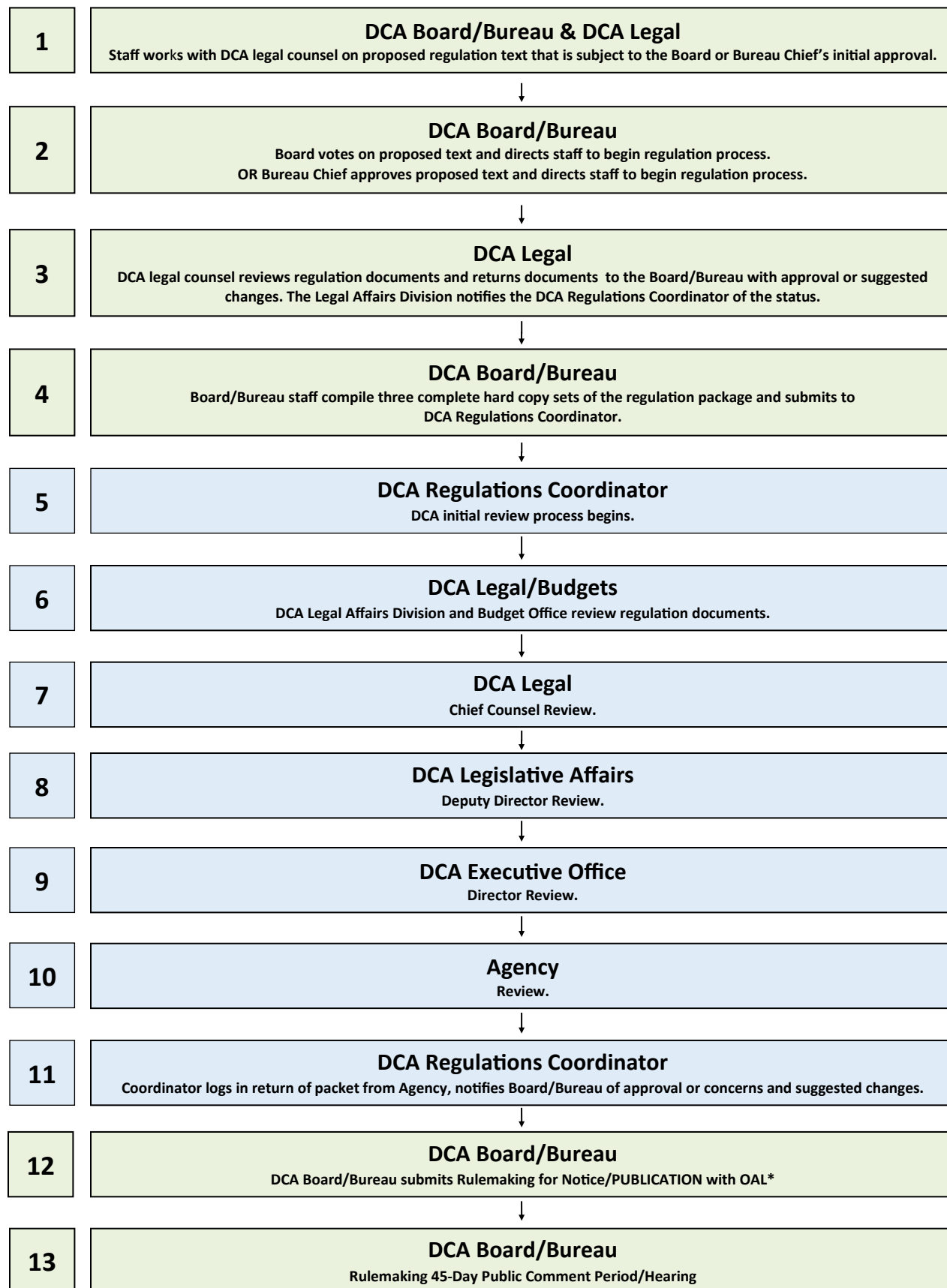
### Attachments

1. Regular Rulemaking Process – Department of Consumer Affairs
2. Practice Privilege Notification Form
3. Attest Experience Form
4. Fee Increase
5. Sale, Transfer, or Discontinuance of Licensee's Practice
6. Continuing Education Requirements
7. Satisfactory Evidence of Educational Qualifications
8. Continuous Testing for the Uniform CPA Examination

---

<sup>1</sup> The Regular Rulemaking Process attached, which is developed by DCA, was last updated in January 2019. DCA has indicated they are revising this information to incorporate process changes and the use of electronic document submission.



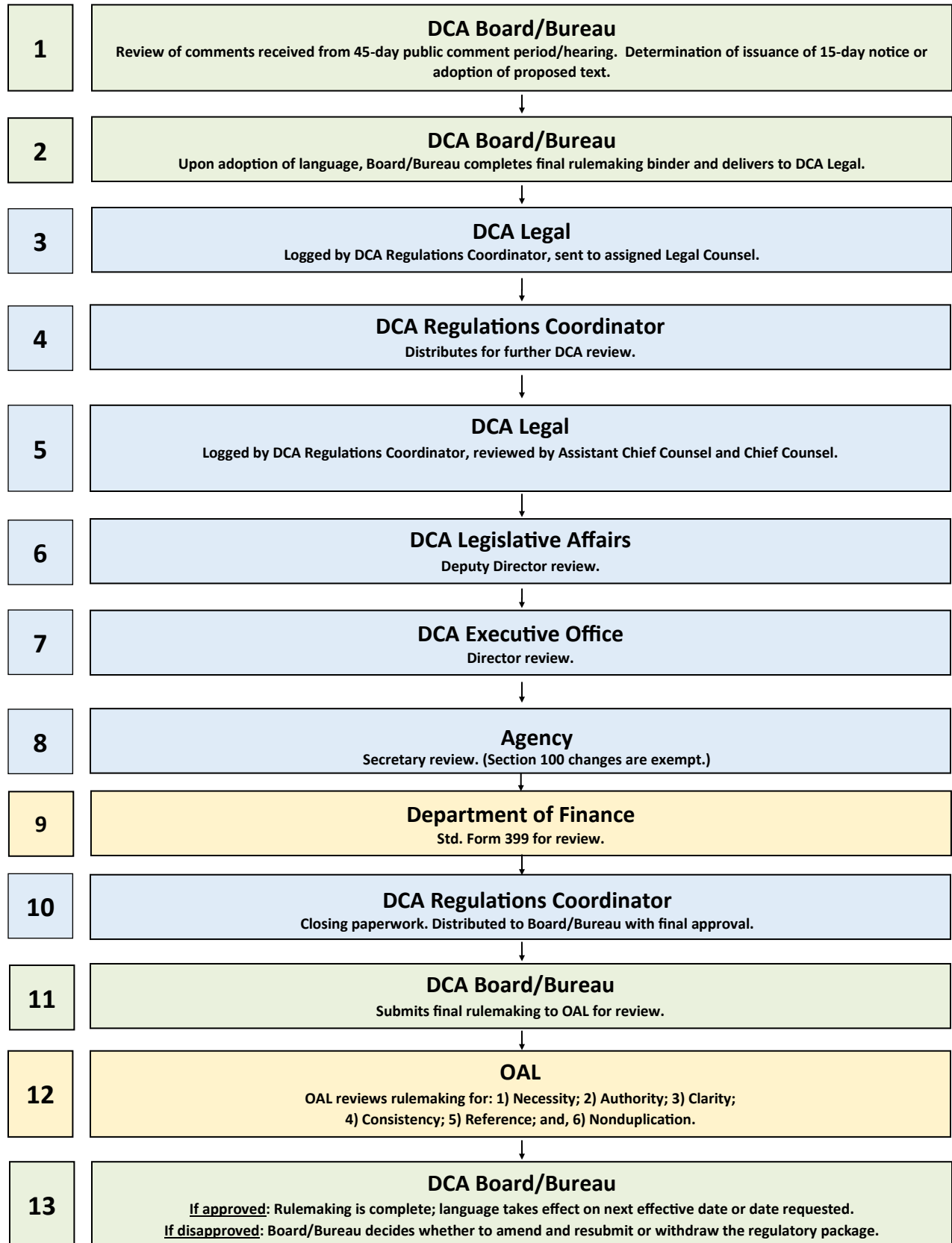
**INITIAL PHASE****Legend**

DCA – Department of Consumer Affairs  
 LRR – Division of Legislative Regulatory Review  
 OAL – Office of Administrative Law

\* If any changes to language last approved by the Board are needed, a vote by the Board may be necessary.

# REGULAR RULEMAKING PROCESS—DCA BOARDS/BUREAUS

## FINAL PHASE



### Legend

DCA – Department of Consumer Affairs  
LRR – Division of Legislative Regulatory Review  
OAL – Office of Administrative Law

DOF – Department of Finance  
Std. Form 399 – Economic and Fiscal Impact Statement



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 2

### Practice Privilege Notification Form

**CBA Regulation Section:** 19

**Status:** Final Review by the Business, Consumer Services, and Housing Agency

**Next Step:** File with the Office of Administrative Law

#### Overview:

This regulatory proposal seeks to update California Board of Accountancy (CBA) Regulations section 19 by adding a Practice Privilege Notification Form for individuals to submit and incorporating said form by reference, pursuant to the provisions in Business and Professions Code (BPC) sections 5096.21 and 5096.22.

Senate Bill 1405, Chapter 411 of the Statutes of 2012 that enacted the majority of the present practice privilege statutes<sup>1</sup> required the CBA to evaluate other states to determine whether allowing individuals from a particular state pursuant to a practice privilege violated the CBA's duty to protect the public. If so, the CBA would, through a majority vote at a regularly scheduled meeting, require individuals from that state to submit the notification form.

Although all states were found to have met the criteria outlined in BPC section 5096.21, this regulatory proposal seeks to update CBA Regulations section 19 by adding the Practice Privilege Notification Form to ensure that the CBA has a mechanism as required by BPC sections 5096.21 and 5096.22 for individuals to submit the required notification form should one become necessary.

---

<sup>1</sup> Individuals whose principal place of business is not in California and who hold a valid and current license, certificate, or permit to practice public accountancy from another state, subject to certain conditions and limitations, may engage in the practice of public accountancy in California under a practice privilege without obtaining a certificate or license.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 3

### Attest Experience Form

**CBA Regulation Section:** 12.5

**Status:** Final Review by the Business, Consumer Services, and Housing Agency

**Next Step:** File with the Office of Administrative Law

#### Overview:

This regulatory proposal seeks to update California Board of Accountancy (CBA) Regulations section 12.5 and the certificate of attest experience (CAE) forms incorporated by reference. The CAE forms are required from applicants applying for CPA licensure with the authority to sign attest reports.

In October 2014, the American Institute of Certified Public Accountants (AICPA) issued the Statement on Standards for Accounting and Review Services (SSARS) No. 21, which created a new level of accounting and auditing service for engagements to prepare financial statements. The new standards apply when an accountant is engaged to prepare financial statements but is not engaged to perform an audit, review, or compilation on those financial statements. The engagement is commonly referred to as a preparation engagement.

The AICPA SSARS No. 21 and AR-C Section 70, which identifies preparation engagements as a non-attest function, necessitated changes to Sections V. and VI. on the CAE forms to ensure proper reporting in those sections.

The proposed changes would also make minor and non-substantive edits to the Personal Information and Collection and Access notice on the CAEs.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 4

### Fee Increase

<b>CBA Regulation Section:</b>	70
<b>Status:</b>	Submitting for CBA approval at its September 2021 meeting
<b>Next Step:</b>	Compile final rulemaking documents and submit to the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review and approval

### Overview:

This regulatory proposal seeks to increase the California Board of Accountancy (CBA) fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or certified public accountant to the statutory maximum of \$280. The proposed amendment would also increase the CBA's fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant to the statutory maximum of \$280.

The CBA is currently operating with a structural imbalance with authorized expenditures exceeding revenues.

The structural imbalance is reducing the fund balance reserve<sup>1</sup> and creating insufficient resources to enable the CBA to carry out its consumer protection mandate in future years. The proposed regulations will increase specified fee levels to help narrow the structural imbalance between revenues and expenditures and assist in providing for a prudent fund balance reserve in the near future.

Additional proposed amendments are non-substantive to clean-up existing regulatory language in Section 70.

---

<sup>1</sup> An amount of a fund balance set aside for economic uncertainties, unanticipated enforcement costs and pending salary or price increase appropriations.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 5

### Sale, Transfer, or Discontinuance of Licensee's Practice

**CBA Regulation Sections:** 54.3 and 54.4

**Status:** Holding public hearings in September 2021 and November/December 2021

**Next Step:** Schedule an additional hearing in November/December 2021

#### Overview:

This regulatory proposal seeks to add California Board of Accountancy (CBA) Regulation sections 54.3 and 54.4 to provide the necessary detail for licensees to meet the provisions of the American Institute of Certified Public Accountants (AICPA) Professional Ethics Executive Committee interpretations regarding the following, which were adopted in 2016:

1. 1.400.205: Transfer of Files and Return of Client Records in Sale, Transfer, Discontinuance or Acquisition of a Practice (New Interpretation)
2. 1.700.050: Disclosing Client Information in Connection With a Review or Acquisition of Member's Practice (Revised Interpretation)

Pursuant to Business and Professions Code (BPC) section 5018, licensees are required to adhere to the rules and standards of professional conduct adopted by the CBA, which are set forth in Title 16, Division 1, Article 9 of the California Code of Regulations (CCR). The CBA requires licensees to comply with all applicable professional standards, including the Code of Professional Conduct developed AICPA. The Code of Professional Conduct is a set of principles, rules, and interpretations that guide CPAs in the performance of their professional responsibilities, and it applies to California licensees pursuant to CCR section 58.

The regulatory proposals are consistent with existing laws, specifically BPC section 5097, which identifies record retention timeframes, Civil Code section 1798.81, which relates to the destruction of records, and BPC section 5063.3, which prohibits the disclosure of a client or prospective client's confidential information, except under certain circumstances. Further, the proposed regulations are consistent with existing regulations, CCR Section 54, which defines confidential information; and Section 54.1, which sets forth the circumstances under which a client or potential client's confidential information may be disclosed.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 6

### Continuing Education Requirements

<b>CBA Regulation Sections:</b>	87, 88, 88.1, 88.2, 89, 90
<b>Status:</b>	Finalizing initial documents with the Department of Consumer Affairs
<b>Next Step:</b>	Approval by the Department of Consumer Affairs, then review and approval by the Business, Consumer Services, and Housing Agency

#### Overview:

This regulatory proposal seeks to update California Board of Accountancy (CBA) Regulations to provide licensees with increased access and greater flexibility in completing the continuing education (CE) hours required for license renewal. The proposed changes of new incremental CE credits (nano learning) and learning methodologies (blended learning and adaptive self-study) will provide increased access to CE programs and allow a wider range of ways to learn and maintain currency in the practice of public accountancy. The proposed addition of four technical subject areas provides expanded options and flexibility for completing CE in technical subject areas.

The proposed changes to the CBA's CE requirements provide consistency with the National Association of State Boards of Accountancy (NASBA) Model Rules<sup>1</sup> (Model Rules), which are developed as part of its effort to promote uniformity in the regulatory schemes governing the practice of accountancy throughout the country and various other jurisdictions.

The accounting profession also has national Model Standards, known as the *Standards of Continuing Education Programs* (Model Standards), which have been jointly issued and amended by NASBA and the American Institute of Certified Public Accountants. As with the Model Rules, the Model Standards are intended to assist state boards of accountancy in ensuring efficient and effective CE for the practice of public accountancy.

The proposed amendments also clarify that licensees who obtain an extension of time to complete their CE pursuant to CCR section 90(d), only need to complete four hours of Fraud CE, as indicated in section 87(f), instead of eight hours.

---

<sup>1</sup> The Model Rules include the complete text of a "model" regulation that state boards of accountancy may choose to adopt in whole or in part at each board's discretion.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 7

### Satisfactory Evidence of Educational Qualifications

**CBA Regulation Section:** 2.8

**Status:** Under initial review by the Department of Consumer Affairs Regulatory Review Unit

**Next Step:** Work with the Department of Consumer Affairs to finalize the required documents necessary for a public hearing

**Overview:**

This regulatory proposal seeks to update California Board of Accountancy (CBA) Regulations section 2.8 to create much-needed flexibility for how the CBA may receive educational qualifications, specifically, certified transcripts, by allowing applicants to obtain and submit certified transcripts directly to the CBA with their respective applications.

Additionally, the proposed amendments will create a new method for educational institutions to employ to transmit the educational transcripts to the CBA electronically.





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 8

### Continuous Testing for the Uniform CPA Examination

**CBA Regulation Section:** 7.1

**Status:** Internal development by California Board of Accountancy staff

**Next Step:** Submit preliminary documents to the Department of Consumer Affairs for review

**Overview:**

This regulatory proposal seeks to update California Board of Accountancy (CBA) Regulations section 7.1 to reflect the continuous testing delivery method of the Uniform CPA Examination (CPA Exam).

The American Institute of Certified Public Accountants in conjunction with the National Association of State Boards of Accountancy transitioned the CPA Exam to a continuous testing format in 2020. Prior to continuous testing, there were four testing windows in place for administration of the CPA Exam. Under the window testing format, applicants were limited to only taking one unpassed section of the CPA Exam one time during a testing window. Under continuous testing, this provision is no longer applicable.

The CBA has statutory authority to facilitate the continuing testing format and the proposed regulatory change is to remove outdated language.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.A.1.**  
September 23-24, 2021

**Recommendations for Appointment(s)/Reappointment(s) to the Enforcement  
Advisory Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

**Purpose of the Item**

The purpose of this agenda item is to recommend that Mike Johnson, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

**Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by reappointing members that have the skills and knowledge to serve on the EAC.

**Action(s) Needed**

It is requested that the CBA adopt the recommendation.

**Background**

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates, and proposes policies and procedures related to the CBA Enforcement Program.

**Comments**

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee**

Page 2 of 2

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons, and the Enforcement Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Mike Johnson for reappointment to the EAC, I performed all the steps previously mentioned. I believe Mike Johnson has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to serve on the EAC, which will allow the EAC to assist the CBA with its Enforcement Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, and in consultation with Douglas Aguilera, CPA, Chairperson of the EAC, I recommend that Mike Johnson, CPA be reappointed for two years to the EAC, until September 30, 2023.

### **Attachments**

1. Curriculum Vitae of Mike Johnson, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.A.2.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Jim Songey, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by reappointing members that have the skills and knowledge to serve on the EAC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates, and proposes policies and procedures related to the CBA Enforcement Program.

### **Comments**

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members and areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee**

Page 2 of 2

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons, and the Enforcement Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Jim Songey for reappointment to the EAC, I performed all the steps previously mentioned. I believe Jim Songey has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to serve on the EAC, which will allow the EAC to assist the CBA with its Enforcement Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, and in consultation with Douglas Aguilera, CPA, Chairperson of the EAC, I recommend that Jim Songey, CPA be reappointed for two years to the EAC, until September 30, 2023.

### **Attachments**

1. Curriculum Vitae of Jim Songey, CPA
2. California Board of Accountancy Enforcement Advisory Committee Skill Matrix



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.B.1.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Brad Holsworth, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Qualifications Committee (QC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve on the QC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

### **Comments**

For all appointments to a committee, I work with the current chair to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee**

Page 2 of 2

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons, and the Licensing Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Brad Holsworth for reappointment to the QC, I performed all the steps previously mentioned. I believe Brad Holsworth has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, and in consultation with Nasi Raissian, CPA, Chairperson of the QC, I recommend that Brad Holsworth, CPA be reappointed for two years to the QC, until September 30, 2023.

### **Attachments**

1. Curriculum Vitae of Brad Holsworth, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.B.2.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Michael L. Williams, CPA, (**Attachment 1**) be reappointed as a member to the California Board of Accountancy (CBA) Qualifications Committee (QC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve on the QC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

### **Comments**

For all appointments to a committee, I work with the current chair to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.



## **Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee**

Page 2 of 2

For current members who are being reappointed, I review prior attendance records, verify completion of mandatory trainings, and review the evaluations that may have been completed by the current Chairperson, Vice-Chairperson, CBA Liaisons and the Licensing Chief. The evaluation requests feedback in the areas of interpersonal skills, communication, leadership, preparedness, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at any time, by action of the CBA.

Prior to making a decision to recommend Michael L. Williams for reappointment to the QC, I performed all the steps previously mentioned. Michael L. Williams has exhibited a high level of professionalism during the performance of his duties, including serving as a current Vice-Chairperson of the QC. I believe Michael L. Williams has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, and in consultation with Nasi Raissian, CPA, Chairperson of the QC, I recommend that Michael L. Williams, CPA be reappointed for two years to the QC, until September 30, 2023.

### **Attachments**

1. Curriculum Vitae of Michael L. Williams, CPA
2. California Board of Accountancy Qualifications Committee Skill Matrix



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.C.1.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Jeffrey De Lyser, CPA (**Attachment**) be appointed as a member and Chairperson to the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve on the PROC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The committee ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

### **Comments**

Consistent with the CBA Guidelines and Procedures Manual, the CBA President can make interim appoints to a CBA advisory committee, subject to ratification at the next CBA meeting. In exercising this authority, CBA President Nancy J. Corrigan, CPA appointed Jeffrey De Lyser, CPA as a member and Chairperson to the PROC.

For this interim appointment, and all appointments to a committee, the Executive Officer verified that all requirements for license renewal were met, including continuing education and peer review (if subject). A check was also made to ensure there were no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointments to the Peer Review Oversight Committee**

Page 2 of 2

My recommendation that Jeffrey De Lyser's appointment to the PROC be ratified is supported by his high level of professionalism, and his previous tenure on the PROC as a member, vice-chairperson, and chairperson. Jeffrey De Lyser has demonstrated the skills and knowledge to serve again on the PROC, which will allow the PROC to assist the CBA with its Peer Review Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, I recommend that Jeffrey De Lyser, CPA's appointment be ratified and he be appointed to the PROC, effective August 17, 2021 until September 30, 2023 and be appointed Chairperson of the PROC, effective August 17 until December 31, 2021.

### **Attachment**

Curriculum Vitae of Jeffrey De Lyser, CPA



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.C.2.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Nick Petersen, CPA (**Attachment**) be appointed as a member to the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve on the PROC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The committee ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

### **Comments**

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointments to the Peer Review Oversight Committee**

Page 2 of 2

Prior to making a decision to recommend Nick Petersen for appointment to the PROC, I performed all the steps previously mentioned. I believe Nick Petersen has the skills and knowledge to serve on the PROC, which will allow the PROC to assist the CBA with its Peer Review Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, I recommend that Nick Petersen, CPA be appointed for two years to the PROC, effective September 24, 2021 until September 30, 2023.

### **Attachment**

Curriculum Vitae of Nick Petersen, CPA



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item III.C.3.**  
September 23-24, 2021

## **Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee**

**Presented by: Michael M. Savoy, CPA, Vice-President**

---

### **Purpose of the Item**

The purpose of this agenda item is to recommend that Fausto Hinojosa, CPA (**Attachment**) be appointed as a member to the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC).

### **Consumer Protection Objectives**

This agenda item ensures that the CBA continues its mission of consumer protection by appointing members that have the skills and knowledge to serve on the PROC.

### **Action(s) Needed**

It is requested that the CBA adopt the recommendation.

### **Background**

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The committee ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

### **Comments**

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities.

I also confer with the CBA Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

## **Recommendations for Appointment(s)/Reappointments to the Peer Review Oversight Committee**

Page 2 of 2

Prior to making a decision to recommend Fausto Hinojosa for appointment to the PROC, I performed all the steps previously mentioned. Fausto Hinojosa previously served on the Qualifications Committee, including serving as Chair and Vice-Chair during his tenure. I believe Fausto Hinojosa has the skills and knowledge to serve on the PROC, which will allow the PROC to assist the CBA with its Peer Review Program.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Based on the information above, I recommend that Fausto Hinojosa, CPA be appointed for two years to the PROC, effective September 23, 2021 until September 30, 2023.

### **Attachment**

Curriculum Vitae of Fausto Hinojosa, CPA

---

# CALIFORNIA BOARD OF ACCOUNTANCY REPORT OF THE SECRETARY/TREASURER MARK J. SILVERMAN, ESQ.

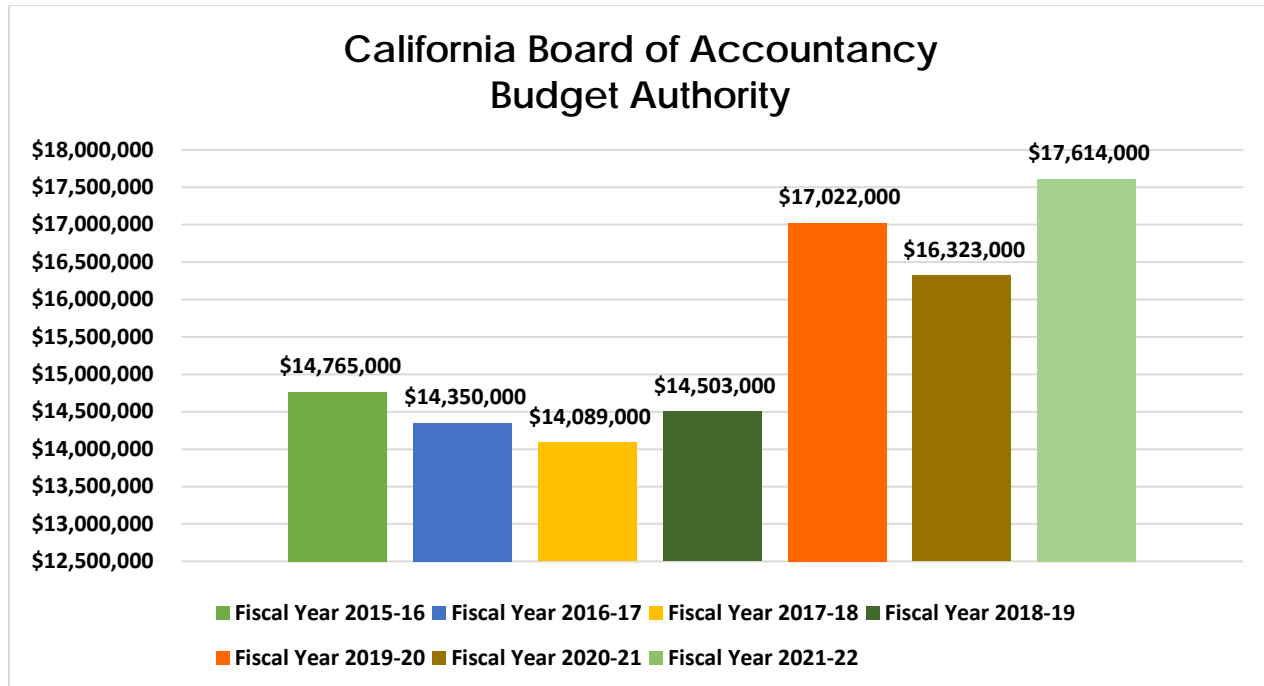
---

## Fiscal Year 2020-21 Fiscal Month 12 Financial Report

### Budget Authority

The California Board of Accountancy's (CBA) budget for fiscal year (FY) 2020-21 was \$16,323,000. This budget amount reflected the adjustment for the 9.23% reduction in staff compensation and accompanied a commensurate reduction in Department of Consumer Affairs (DCA) pro rata expenses.

The CBA's budget for FY 2021-22 is currently set at \$17,614,000, which reflects the end to the 9.23% employee compensation reduction<sup>1</sup>.



---

<sup>1</sup> A \$3,000 adjustment was added to the budget and reflects the CBA's share of the Business, Consumer Services, and Housing Agency facility relocation budget change proposal that was not implemented.



# Fiscal Month 12 Financial Statement

Department of Consumer Affairs						
California Board of Accountancy						
Fiscal Year 2020 - 2021: Fiscal Month 12						
#	Object Description	FY 2019-20 FM 12	Governor's Budget	Year to Date: June 30	Percent Spent	Projections To Year End
	<b>PERSONNEL SERVICES</b>					
1	PERMANENT POSITIONS	\$5,787,029	\$6,260,000	\$6,202,896	99%	\$6,202,896
2	TEMPORARY POSITIONS	\$76,586	\$0	\$72,909	N/A	\$78,985
3	PER DIEM, OVERTIME, & LUMP SUM	\$88,012	\$63,000	\$116,072	184%	\$124,007
4	STAFF BENEFITS	\$3,385,085	\$3,688,000	\$3,526,296	96%	\$3,529,710
5	<b>TOTAL PERSONNEL SERVICES</b>	<b>\$9,336,712</b>	<b>\$10,011,000</b>	<b>\$9,918,174</b>	<b>99%</b>	<b>\$9,935,598</b>
6	<b>OPERATING EXPENSES &amp; EQUIPMENT</b>					
7	GENERAL EXPENSE	\$266,930	\$58,000	\$106,547	184%	\$107,047
8	PRINTING	\$257,182	\$96,000	\$41,090	43%	\$41,090
9	COMMUNICATIONS	\$49,411	\$61,000	\$55,108	90%	\$58,201
10	POSTAGE	\$58,089	\$26,000	\$20,891	80%	\$20,891
11	INSURANCE	\$226	\$0	\$1,409	N/A	\$1,409
12	IN STATE TRAVEL	\$99,067	\$136,000	\$1,633	1%	\$1,633
13	OUT OF STATE TRAVEL	\$3,107	\$0	\$0	0%	\$0
14	TRAINING	\$24,745	\$29,000	\$20,960	72%	\$20,960
15	FACILITIES	\$649,709	\$628,000	\$626,392	100%	\$627,363
16	C/P SERVICES (INTERNAL)	\$1,233,203	\$1,899,000	\$699,907	37%	\$719,988
17	C/P SERVICES (EXTERNAL)	\$433,537	\$719,000	\$299,812	42%	\$299,812
18	DEPARTMENT PRORATA	\$2,518,137	\$2,510,000	\$2,437,453	97%	\$2,437,453
19	Division of Investigation	\$364,951	\$367,000	\$381,333	104%	\$381,333
20	Consumer Client Servs Div CCSD	\$2,153,186	\$2,143,000	\$2,056,120	96%	\$2,056,120
21	DEPARTMENTAL SERVICES	\$19,928	\$1,000	\$14,658	1466%	\$14,658
22	CONSOLIDATED DATA CENTERS	\$177,471	\$41,000	\$121,233	296%	\$121,233
23	INFORMATION TECHNOLOGY	\$42,218	\$50,000	\$75,723	151%	\$75,723
24	EQUIPMENT	\$119,324	\$58,000	\$327,671	565%	\$327,671
25	OTHER ITEMS OF EXPENSE	\$1,996	\$0	\$0	0%	\$0
26	SPECIAL ITEMS OF EXPENSE	\$35,996	\$0	\$37,259	N/A	\$37,259
27	<b>OPERATING EXPENSES &amp; EQUIPMENT</b>	<b>\$5,990,275</b>	<b>\$6,312,000</b>	<b>\$4,887,743</b>	<b>77%</b>	<b>\$4,912,388</b>
28	<b>OVERALL TOTALS</b>	<b>\$15,326,987</b>	<b>\$16,323,000</b>	<b>\$14,805,917</b>	<b>91%</b>	<b>\$14,847,986</b>
					SURPLUS/(DEFICIT): 9.04%	

## Expenditures

The FY 2020-21 FM 12 Financial Statement is based on actual expenditures and encumbered amounts through June 30, 2021. Expenditures are at \$14,805,917 or 91% of the FY 2020-21 budget. Based on these figures the CBA is projected to end FY 2020-21 with a budget surplus of 9.04%.

Below is information regarding key budget items.

### General Expense (Line 7)

Expenditures in the category of general expense include items such as office supplies, furniture, delivery services, and subscriptions. Enforcement subscriptions are annual subscriptions to online databases for accounting and tax research information, standards, and includes Investigative CPA continuing education.

As reported at the July CBA meeting, general expenses for FY 2020-21 have declined by 60% over the same reporting period in FY 2019-20. Some of the difference can be attributed to the new reporting format for FI\$Cal, as some items previously designated as general expense are now reflected on other lines. There had also been a decrease in expenditures for items such as office supplies and shipping costs of CBA meeting-related materials as a result of staff teleworking and virtual meetings.

### Printing (Line 8)

With the electronic distribution of the CBA's UPDATE publication, printing expenditures decreased 84% over the same reporting period in FY 2019-20.

### Postage (Line 10)

Expenditures for postage have decreased 64% over the same reporting period in FY 2019-20. A portion of the decrease can be attributed to the electronic distribution of the CBA's UPDATE publication. In addition, the CBA used the DCA Mailroom outgoing mail services while the CBA postage meter machine was under repair, giving the appearance of a decrease in CBA postage costs; however, the costs will instead be reflected in DCA pro rata costs.

### In-State Travel (Line 12)

Attending virtual meetings, conferences, and trainings, resulted in a 98% decrease in travel expenses when compared to the same reporting period in FY 2019-20.

### Out-of-State Travel (Line 13)

There have been no expenditures for out-of-state for travel for FY 2020-21.

### C/P Services Internal (Line 16)

Items in this line item include contracts and procurements with other state agencies, including services provided by the Office of the Attorney General (AG's Office) and the Office of Administrative Hearings (OAH).

### C/P Services External (Line 17)

Items in this line include external contracts and procurements outside of state agencies. This includes expenses for court reporters, witness and evidence fees, credit card transaction fees and any other external contracts.

### Department Pro Rata (Line 18)

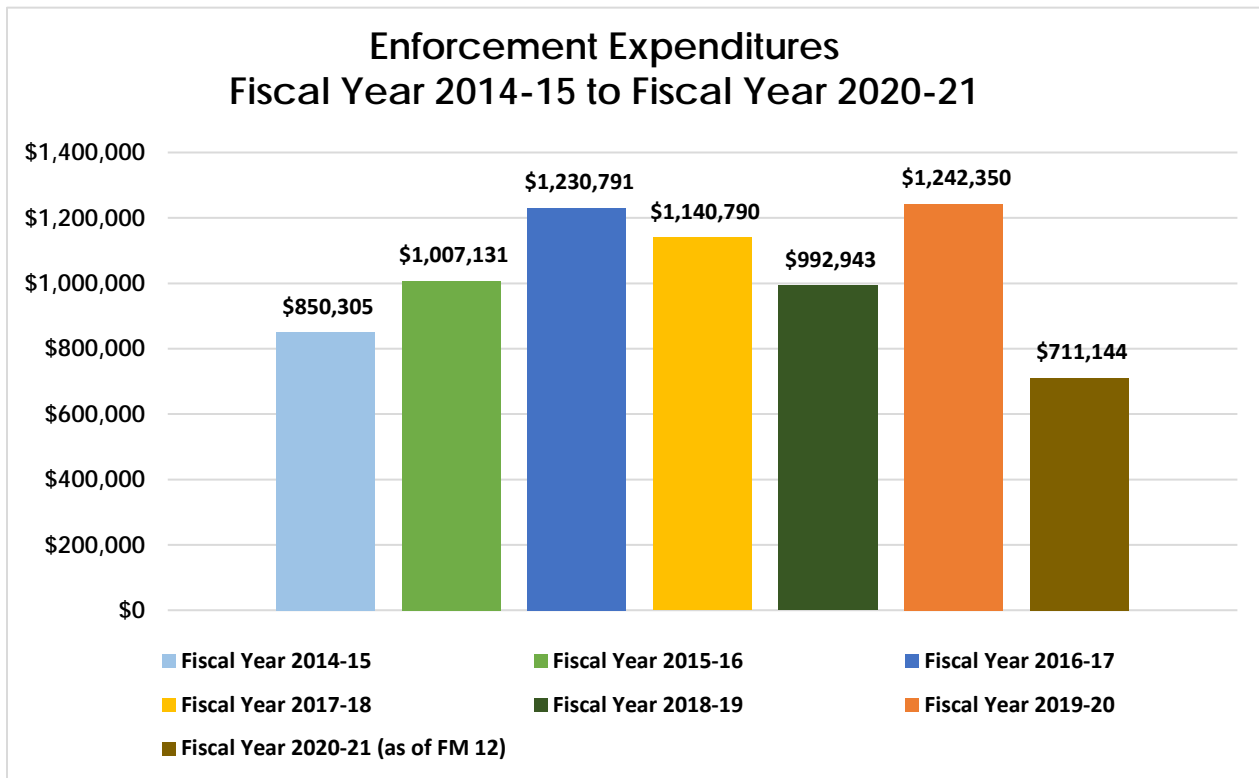
Expenses for the Division of Investigation are now grouped under this line item and consist of both internal and external investigative services.

## Enforcement Expenditures

The CBA's enforcement expenditures through June 30, 2021 total \$711,144.

- AG's Office - \$636,095 (Invoices through June 30, 2021)
- OAH - \$62,071 (Invoices through June 30, 2021)
- Evidence and Witness Fees - \$6,827
- Court Reporters - \$6,151

The following provides an overview of the CBA's Enforcement Expenditures for the prior seven fiscal years.



## Revenue

Revenues through June 30, 2021 were at \$17,879,137. This is an increase of nearly 42% over revenues for the same period in FY 2019-20, which is primarily due to the license renewal and initial licensing fee increases that became effective January 1, 2020.

Revenue - FM 12	
Category	Year to Date
Delinquent Fees	\$252,975
Other Regulatory Fees	\$1,788,316
Other Regulatory License and Permits	\$4,451,150
Other Revenue	\$95,768
Renewal Fees	\$11,290,928
Revenue	\$17,879,137

### Scheduled and Unscheduled Reimbursements

The revenue projection shown above does not take into account reimbursements. Scheduled reimbursements consist of Fingerprint Reports and unscheduled reimbursements consist of Enforcement Cost Recovery. Reimbursements are considered revenue and are deposited into the CBA Accountancy Fund.

As of June 30, 2021, reimbursements totaled \$187,669.

- Fingerprint Reports - \$22,176
- Enforcement Cost Recovery - \$165,493<sup>2</sup>

## Fee Increase Regulation

A public hearing was held on August 18, 2021 at the CBA office to receive comments on the CBA's proposal to increase the license renewal and initial license fees to the statutory maximum of \$280. Additional information will be presented under **Agenda Item XI.A**.

## California Board of Accountancy Fund Condition

The CBA's Fund Condition statement shown on the following page projects that the CBA will end FY 2020-21 with 8.0 months in reserve. The projected figures for FY 2021-22 and beyond reflect increased revenue due to the license renewal and initial licensure fee increase to \$250 that began on January 1, 2020.

The General Fund loan for \$10 million is shown under General Fund Transfers and Other Adjustments and its impact is reflected in the months in reserve at the end of FY 2020-21 and beyond. The General Fund loan is scheduled to be repaid in FY 2024-25.

---

<sup>2</sup> Previous reporting reflected \$1.3M in Enforcement Cost Recovery. Due to an account coding error this amount has been moved to Administrative Penalty portion of the Other Regulatory Fees category.

0704 - California Board of Accountancy (Dollars in Thousands) 2021-22 Budget Act with FM12 Projections	Actual 2019-20	PY 2020-21	CY 2021-22	BY 2022-23
Prepared 8.27.21				
BEGINNING BALANCE	\$24,201	\$20,816	\$12,930	\$10,419
Prior Year Adjustment	-\$218	\$0	\$0	\$0
Adjusted Beginning Balance	\$23,983	\$20,816	\$12,930	\$10,419
REVENUES, TRANSFERS AND OTHER ADJUSTMENTS				
Revenues				
4121200 - Delinquent fees	\$157	\$253	\$444	\$444
4127400 - Renewal fees	\$7,690	\$11,291	\$11,601	\$11,601
4129200 - Other regulatory fees	\$540	\$1,788	\$266	\$266
4129400 - Other regulatory licenses and permits	\$3,848	\$4,451	\$4,589	\$4,589
4163000 - Income from surplus money investments	\$431	\$72	\$56	\$101
4171400 - Escheat of unclaimed checks and warrants	\$10	\$10	\$0	\$0
4172500 - Miscellaneous revenues	\$4	\$2	\$0	\$0
4173500 - Settlements and Judgments - Other	\$0	\$12	\$0	\$0
Totals, Revenues	\$12,680	\$17,879	\$16,956	\$17,001
General Fund Transfers and Other Adjustments	\$0	-\$10,000	\$0	\$0
TOTALS, REVENUES, TRANSFERS AND OTHER ADJUSTMENTS	\$12,680	\$7,879	\$16,956	\$17,001
TOTAL RESOURCES	\$36,663	\$28,695	\$29,886	\$27,420
EXPENDITURES AND EXPENDITURE ADJUSTMENTS				
Expenditures:				
1111 Program Expenditures (State Operations)	\$14,707	\$14,660	\$17,318	\$17,834
8880 Financial Information System for California (State Operations)	-\$2	\$0	\$0	\$0
GSI Increase	\$0	\$0	\$616	\$616
9892 Supplemental Pension Payments (State Operations)	\$390	\$390	\$390	\$390
9900 Statewide Pro Rata	\$752	\$715	\$1,143	\$1,143
TOTALS, EXPENDITURES AND EXPENDITURE ADJUSTMENTS	\$15,847	\$15,765	\$19,467	\$19,983
FUND BALANCE				
Reserve for economic uncertainties	\$20,816	\$12,930	\$10,419	\$7,437
Months in Reserve	15.8	8.0	6.3	4.3
NOTES:				
Assumes workload and revenue projections are realized in BY +1 and ongoing.				
Expenditure growth projected at 3% beginning BY +1.				
PY revenue and expenditures are FM 12 projected amounts.				

## Interest to offset Credit Card Fees

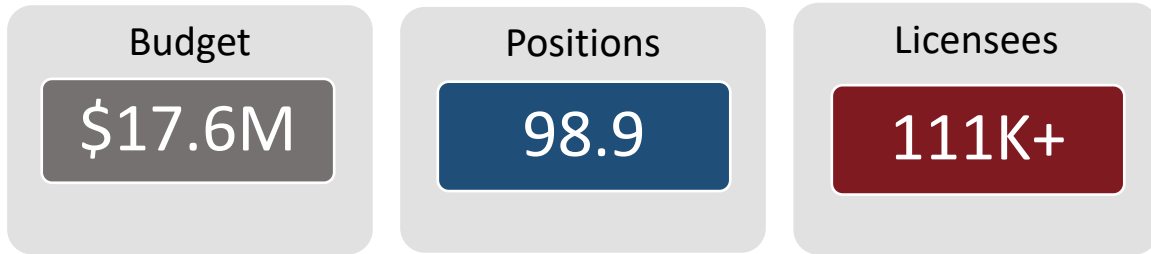
CBA member Dan Jacobson, Esq. asked whether credit card transaction fees could be offset through the collection of interest earned on fees paid by credit card that are deposited and subsequently invested quicker than the traditional mailing of payments. The DCA Budget office advised that all revenue is remitted to the fund daily. DCA indicated that the current interest rate of less than 1% is too low to offset the amount paid for credit card transaction fees. However, during better economic times, the rate has been upwards of 6 to 7%.

It would be difficult, if not impossible, to secure a contract with a credit card vendor that enables the CBA to toggle between the CBA and the individual user paying the transaction fee based on the interest rates. The CBA has requested to discuss the payment of credit card transaction fees following the completion of the fee analysis, which is anticipated to occur in November or early 2022.

# Report of the ADMINISTRATION DIVISION

*Units: Administration, Information and Planning, Information Technology*

## California Board of Accountancy by the Numbers



### Administration Unit

#### Facilities and COVID-19 Testing

The California Board of Accountancy's (CBA) offices remain open. All staff and visitors must wear a face covering, regardless of their COVID-19 vaccination status. Staff are working with the Department of Consumer Affairs (DCA) on a soon-to-be launched employee testing requirement, which will require any state employee who has not provided proof of vaccination to submit to weekly COVID-19 testing. The CBA is awaiting additional information from DCA on implementation.

#### Fee Analysis

Staff continue to work with the approved contractor on the Fee Analysis. Each CBA division spent a significant amount of time identifying tasks, staff assignments and classification levels, and time necessary for the work that is tied to a CBA fee. Many of the fees assessed by the CBA include work that is handled by multiple divisions, making the documentation challenging. Staff will provide an update on the anticipated completion of the Fee Analysis during the September CBA meeting.

#### Emergency Response Planning

The CBA's Emergency Response Team held its quarterly meeting in July to review updated evacuation plans, new roles and responsibilities for in-office staff, and confirm all contact phone numbers for management and emergency personnel was current. The Emergency Response Team meets throughout the year to ensure members are familiar with steps that must occur in the event of an emergency.

In addition to the Emergency Response Team, the CBA also conducts annual updates to its Emergency Operations Plan, which is comprised of three elements: Emergency Preparedness and Evacuation Plan, Business Continuity Plan, and Technology Recovery Plan. Each of these plans is updated annually and submitted to the DCA around October of each year.

### Health and Safety

The CBA independently conducts quarterly workplace hazard inspections, which are reported to the DCA's Health and Safety Unit. The inspection checklist is used to assess and correct hazards around the workplace and provide recommendations for resolution to the Health and Safety Unit. **Attachment 1** is the second quarter Hazard Assessment and Correction Record completed for the 2021 calendar year. The third quarter Hazard Assessment will be conducted by September 30, 2021.

### State Leadership Accountability Act

The Department of Finance (DOF) coordinates the statewide reporting for the State Leadership Accountability Act (SLAA). The Legislature requires state agencies to complete a SLAA report pursuant to Government Code sections 13400-13407. The Legislature requires, through the SLAA report, all state agencies to monitor their internal control systems to minimize fraud, errors, waste, and abuse of government funds.

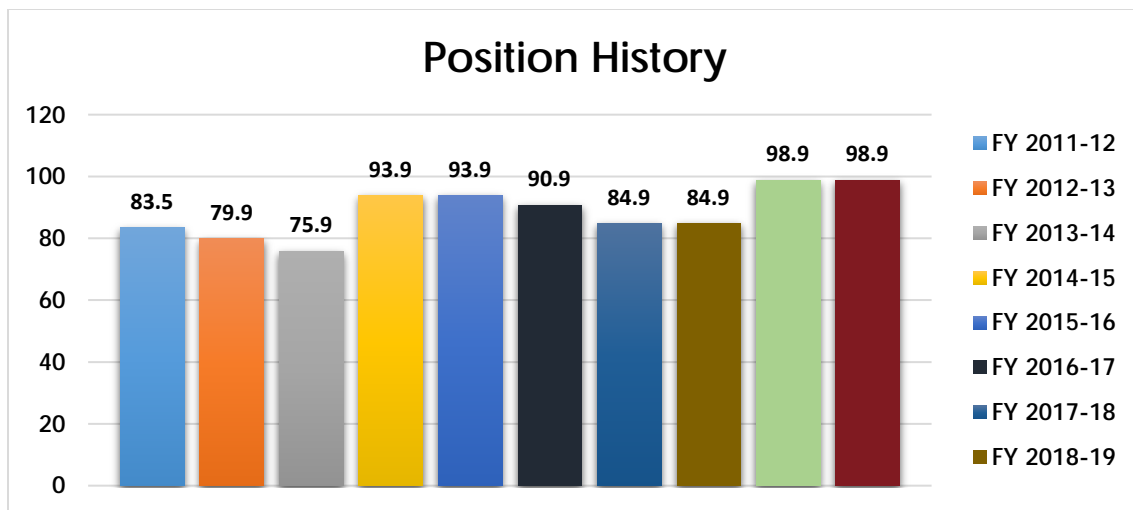
Pursuant to the Act, state agencies must also report biennially on the adequacy of their control systems. The initial submission of the biennial report is followed by a series of implementation plans that are assessed and updated every six months. The CBA's next reporting period for the 2019 biennial report is due to DOF by December 31, 2021.

The CBA's 2019 report is included as **Attachment 2**. The California State Library also publishes copies of agency/department reports for public view (<https://www.library.ca.gov/government-publications/slaa/>).

### Staffing Update

Total Number of Positions	98.9
Vacancies ( <b>Attachment 3</b> )	8.0
Vacancy Rate	8%





### Statistics

Fiscal Year 2020-21

Contracts Executed	21
Monies Cashiered at CBA <sup>1</sup>	\$6.6M
Mail Processed ( <i>approximately</i> )	46,000

---

<sup>1</sup> The CBA Cashiering office processes various fees for exams, initial licensing, license renewal, cost recovery, citation and fine, and various application processing fees. The bulk of license renewal fees are either processed at the DCA Central Cashiering Office or paid on-line.

## Information and Planning Unit

### Strategic Plan Update

#### *2019-2021 Strategic Plan*

The CBA continues to make significant progress in meeting the goals and objectives identified in its 2019-2021 Strategic Plan. The following are highlights from a few of those goals.

- Conducted virtual outreach events with colleges and universities.
- Significantly increased social media presence.
- Added information to the Enforcement Activity Reports regarding unlicensed activity and citation and fine appeals.
- Implemented an online complaint form and made other enhancements to the CBA website to better assist consumers in reporting unlicensed activity.
- Implemented a process to allow electronic submission of transcripts and documents for CPA licensure.
- Collaborated with CBA Information Technology (IT) staff, DCA and an IT vendor to create an online system for applicants to apply for their CPA license.
- Enhanced the License Lookup information to better identify licensees with disciplinary action against their license.

#### *2022-2024 Strategic Plan*

During 2021, the CBA initiated work on the development of its 2022-2024 Strategic Plan. An Environmental Scan is being completed and a Strategic Planning workshop will be held at the November 2021 CBA meeting.

### Legislation Update

#### *Implementation Activities*

Consistent with the implementation strategies outlined in **CBA Agenda Item II.F.**, the CBA's Legislative Analyst will begin implementation activities this month in anticipation of the Governor signing the CBA-sponsored bill, Assembly Bill 298, which will require significant work and collaboration between the Licensing and Administration Divisions. Updates regarding implementation activities will be provided in the November Division Report and ongoing.

### Regulations Update

Staff are making significant progress on the CBA rulemaking packages. In conjunction with DCA Legal and Regulatory Unit staff, several interactive meetings have been held to address questions and comments regarding the technical documents needed to support the rulemaking.

Below is an overview and status of the pending rulemaking packages<sup>2</sup>:

Subject	Section	Status
Practice Privilege Notification Form	19	Under review by the Business, Consumer Services, and Housing Agency (BCSHA)
Attest Experience Form	12.5	Under review by BCSHA
Fee Increase	70	Public Hearing held on August 18, 2021
Sale, Transfer, or Discontinuance of Practice	54.3 and 54.4	Public Hearing Scheduled for September 16, 2021
Continuing Education – Nano and Blended Learning, Reduction of Fraud hours/CE Model Standards	87, 88, 88.1, 88.2, 89, 90	DCA reviewing changes to the Notice, Initial Statement of Reasons, and Text
Satisfactory Evidence	2.8	DCA reviewing changes to the Notice, Initial Statement of Reasons, and Text
Continuous Testing for Uniform CPA Examination	7.1	CBA staff are working with DCA Regulatory Unit staff on documents

### Reports

One of the primary tasks of the CBA's Information and Planning Unit is to oversee the collection of CBA-wide information and data for various reports. Staff have completed work on the DCA Annual Report and CBA Annual Report, which is pending with DCA for design and editing.

Staff are now conducting preliminary work on the CBA's Sunset Review Report. The Sunset Review Report must be submitted to the Legislature in fall 2022 to prepare for legislative hearings in Spring 2023.

### Website Changes

The CBA is working to update its website to a new state template. The new template, which staff previewed at the July CBA meeting, will provide more Americans with Disabilities Act accessibility, more interactive information and less PDF documents. Information and Planning Unit staff are working with staff from the IT Unit on this project. Additional information will be provided once a launch date has been selected.

---

<sup>2</sup> More detailed information concerning each of the subjects for the regulations can be found in **CBA Agenda Item II.G.**

## Information Technology Unit

### Service Consolidation with DCA

Dave Hansen, the CBA's IT Systems Administrator, is working collaboratively with DCA's Chief Information Officer to explore whether CBA and DCA IT systems could be consolidated. Consolidation could provide the CBA with increased access to IT security software and IT help staff, enabling CBA IT staff to provide more assistance to staff and systems.

### New IT Equipment

In June 2021, the CBA completed purchase requests to replace the aging inventory of IT equipment. The purchases are a mix of laptops, personal computers, and monitors. The equipment will support those who are on telework, staff in the office, and those who are working a hybrid schedule. Distribution of the new equipment will occur over the next few months.

### Exploring Alternative Telephone Service Option

IT staff are working with DCA to determine if transitioning telephone services to an online format through the Microsoft Teams platform would provide consistent or enhanced service and be less expensive. Other DCA boards and bureaus are testing the functionality, and they will provide feedback regarding whether a transition would be beneficial.

### CBA's IT Help Desk

The CBA has an online Help Desk Ticket System, where staff can request assistance with any IT matter. IT staff monitor the tickets to assist as necessary. During fiscal year 2020-21, IT staff responded to approximately 1,200 requests for assistance. This was following the deployment of equipment to staff who were working remotely.



**Department of Consumer Affairs  
Office of Human Resources  
HAZARD ASSESSMENT AND CORRECTION RECORD**



☐ First Quarter    ☒ Second Quarter    ☐ Third Quarter    ☐ Fourth Quarter


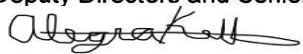
Each DCA entity is required to conduct quarterly workplace inspections to ensure a healthy and safe work environment. The Executive Officer, Executive Director, Registrar, Division, Bureau or Program Chief, Commissioner Deputy Directors and Senior Executive Management is responsible to assess and correct hazards and provide recommendations (general or job-specific) to OHR's Health and Safety Unit (HSU). For questions about workplace hazards, mitigation measures, etc. contact OHR's HSU. For building/facility issues contact "DCA Facilities Management" via email.

Board/Bureau/Division/Program: California Board of Accountancy	Location (Address/City): 2450 Venture Oaks Way, Ste 300, Sacramento, CA 95833
Reporting Supervisor/Manager: Christy Abate	Date (mm/dd/yyyy): <b>06/25/2021</b>

Doorways, Stairways, Entryways, Aisle and Exits	Yes	No
1.e Are doorways, stairways, entryways, aisle ways and exits free from any obstruction or debris at all times?	✓	
2.e Are exits visible and adequately illuminated?	✓	
3. Are steps in good repair, adequately illuminated, and with a slip resistant surface?	✓	
4. Do exit doors open in direction of travel and are all emergency exits not propped open?	✓	
5.e Are building entryways and grounds safe?	✓	
6. Do any aisle ways in excess of 25-feet dead end?	✓	
Files, Cabinets, Shelving, Desks, Chairs and Tables	Yes	No
7.e Are file cabinets and storage arranged so drawers do not open into walkways and closed when not in use?	✓	
8. Are all cabinets and shelving 5-feet or taller seismically secure?	✓	
9. Are the tops of all cabinets and shelving units free of any clutter or storage?	✓	
Floor Surfaces	Yes	No
10.e Are floor surfaces clean and free of debris at all times?	✓	
11.e Are floor surfaces free of loose or cracked surfaces posing a slip or trip hazard?	✓	
12.e Are carpeted areas secure and free of tears posing a trip hazard?	✓	
Electrical	Yes	No
13.e Are wiring and cords in good condition, not frayed, cracked or have deteriorating insulation?	✓	
14.e Are cords secured to prevent a trip hazard and placed out of traffic areas?	✓	
15.e Are cords arranged to avoid flammable materials, pinching and damage?	✓	
16.e Are extension cords plugged directly into an electrical outlet and <b>NOT</b> plugged into another extension cord? <i>Cords should be heavy-duty gauge, equipped with a ground plug, and used only on a temporary basis (30-days or less). Power strips should <b>NOT</b> be plugged into another Power strip.</i>	✓	
17.e Do all electrical panels have the 3-foot clearance?	✓	
18.e Are coffee pots and electrical appliances in break rooms approved?	✓	
19.e Are all electrical outlets covered with a faceplate?	✓	
General Work Environment	Yes	No
20.e Is the workplace including break rooms, restrooms, etc. clean and orderly?	✓	
21.e Is equipment and furniture in proper working order and broken items labeled and placed in an unused area until removed from the workplace?	✓	
22.e Are all ceiling tiles in tact and free of any stains?	✓	
23.e Are all state and federal required posters posted?	✓	

Storage Areas	Yes	No
24. Are heavy items stored in lower and middle shelves?	✓	
25. Are stepstools or portable ladders in good condition, sturdy and lock in place?	✓	
26. Are all storage items maintained at least 18-inches below the level of the ceiling fire sprinkler deflector or 24-inches from the ceiling?	✓	
27. Are materials not presently in use stored away from the work area?	✓	
Emergency Safety	Yes	No
28. Do all employees know the emergency procedures for safely leaving the building in case of fire or other emergency?	✓	
29. Are first aid supplies and emergency equipment properly maintained and readily available?	✓	
30. Are fire extinguishers in green standing, clear of obstructions, supplies or furniture and inspected monthly?	✓	
Miscellaneous	Yes	No
31. Was safety training provided to employees during this quarter?	✓	
32. Are there any new, ongoing or continuous hazards? If so, note the date of onset, identified hazard, the date corrective action was requested, planned and taken and the individual responsible for the planning and taking the action.	✓	

Inspecting Supervisor/Manager's <b>Name:</b> Christy Abate	Telephone Contact: (916) 532-0219
Inspecting Supervisor/Manager's <b>Signature:</b> 	Date: 6/29/2021
Executive Officer, Executive Director, Registrar, Division, Bureau or Program Chief, Commissioner Deputy Directors and Senior Executive Management <b>Name:</b> Patti Bowers	Telephone Contact: (916) 956-8743
Executive Officer, Executive Director, Registrar, Division, Bureau or Program Chief, Commissioner Deputy Directors and Senior Executive Management <b>Signature:</b> 	Date: 6/29/2021

If additional space is necessary make a notation below and attach all documents (retain 3-years).

Identified Workplace Hazard/Unsafe Practice	Date Action	Corrective Action Planned/Taken	Responsible Individual
Date of onset: <u>03/18/2020</u> COVID 19 Pandemic resulted in office closure. Office reopened in May 2020 with reduced staff working in office. Most staff continue to telework from home.	<input type="checkbox"/> requested <input type="checkbox"/> planned <input checked="" type="checkbox"/> taken	The CBA continues to provide masks and sanitizing supplies throughout the office. Mail room staff continue to perform frequent sweeps of sanitizing stations to ensure they are stocked with hand sanitizer, masks and disinfection wipes.  6/22/2021 Updated Emergency Temporary Standards (ETS) provided to staff. 6/23/21 New signs stating Face coverings required for unvaccinated individuals posted in office 6/17/2021 Emergency	Christy Abate Deanne Pearce

Response Team Meeting

Original: Division/Bureau/Program Chief or Executive/Assistant Officer retains all related documents and records for 3-years and shall provide records upon Cal/OSHA and/or OHR's HSU request.



# California Board of Accountancy

## 2019 Leadership Accountability Report

## December 31, 2019

---

December 31, 2019

Alexis Podesta, Secretary  
California Business, Consumer Services and Housing Agency  
915 Capitol Mall, Suite 350-A  
Sacramento, CA 95814

Dear Ms. Alexis Podesta,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the California Board of Accountancy submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Patti Bowers, Executive Officer, at (916) 561-1711, [Patti.Bowers@cba.ca.gov](mailto:Patti.Bowers@cba.ca.gov).

### GOVERNANCE

#### Mission and Strategic Plan

The California Board of Accountancy (CBA) regulates the accounting profession for the public interest by establishing and maintaining entry standards of qualification and conduct within the accounting profession, primarily through its authority to license. The CBA currently regulates over 105,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals (Certified Public Accountants and Public Accountants) and accounting firms (partnerships and corporations). Many of the accounting firms that the CBA regulates have national footprints and some have footprints worldwide. Certified Public Accountants (CPAs) work in a wide range of areas including accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA is self-funded, supported by fees imposed upon the professional community it regulates. The CBA draws no monies from California's General Fund.

The CBA's mission is:

"To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards."

The CBA's vision is that all consumers are well informed and receive quality accounting services from licensees they can trust.

One of the ways the CBA achieves its mission and vision is through the development and implementation of its Strategic Plan. The CBA's 2019-2021 Strategic Plan contains 20 objectives that are designed to accomplish the seven goals, which consist of:

- Maintain an active, effective, and efficient Enforcement program to maximize consumer protection.

- Maintain an active, effective, and efficient Licensing program to maximize consumer protection.
- Deliver the highest level of customer service.
- Provide and maintain an effective and timely outreach to all CBA stakeholders.
- Maintain an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.
- Improve efficiency and information security through the use of existing and emerging technologies.
- Maintain an efficient and effective team of leaders and professionals by promoting staff development and retention.

## **Control Environment**

The CBA sets the foundation for a strong control environment through its mission and vision, which were previously discussed and through guidance and policy directives from the 15-member board appointed by the Governor and Legislature, and through strong leadership by the Executive Officer (EO) and CBA management. The CBA's values include consumer protection, integrity, quality and professionalism, transparency, initiative, respect, accountability, and teamwork, which are practiced daily by all employees.

Provided below are an overview of the controls that are followed:

### **Demonstrating a Commitment to Integrity and Ethical Values**

Senior Management establishes the tone at the top in demonstrating the importance of integrity and ethical values and sets the expectations of standards of conduct within the CBA. Staff are required to annually sign and acknowledge adherence to specified employee expectations that address matters involving conduct, customer service, and equitable treatment amongst staff and those the CBA serves. Management and staff alike are required to adhere to specified policies that ensure an appropriate work environment and identify procedures to follow should there be concerns regarding any matter. Additionally, mandatory training is provided to all levels of management to ensure values and ethics are being practiced.

### **Oversight by the CBA**

The CBA is governed by a 15-member board, comprised of seven members who are certified public accountants, and eight members of the public who are not licensees of the CBA. The Governor appoints four of the public members and all of the licensee members with individuals representing a cross section of the accounting profession. The Senate Rules Committee and the Speaker of the Assembly each appoints two public members.

The CBA sets policy directives that are aligned with the CBA's consumer protection mission. The development and implementation of the CBA's directives are accomplished by staff under the direction of the EO.

### **Organizational Structure and Documentation to Achieve Business Objectives and Consumer Protection Mission**

The CBA's organizational structure ensures appropriate levels of responsibility and authority are being



exercised, in accordance with California Department of Human Resources (CalHR) and State Personnel Board laws, rules and guidelines. In addition, the CBA maintains documentation of control systems through policies and procedures, desk manuals, office guidelines and expectations and other written communications.

### **CBA Commitment to Attracting, Developing and Maintaining a Competent Workforce.**

Applicants must apply for CBA job openings through the CalHR's CalJobs website. Applications are prescreened to established criteria specific to the position to ensure only the most qualified applicants are selected for an interview. During the interview, candidates are asked a set of questions focused on gaining an understanding of their knowledge and skills to ensure the most qualified candidate is selected. Following the interview, reference checks are performed prior to a job offer.

Once hired, staff begins an in depth onboarding program. The workforce is further sustained through training which could consist of on-the-job or external training through another State agency or training venue. The Department of Consumer Affairs (DCA) also conducts and provides job specific and job related training through its SOLID training center. The CBA also provides cross training to retain program knowledge and encourages eligible staff to take advantage of DCA's upward mobility program.

### **Measuring Performance and Maintaining Accountability**

Accountability and performance measures are regularly monitored and enforced within the CBA. Managers are required to receive training once appointed and then they must meet ongoing training requirements of 20 hours biennially.

Internally, managers communicate with Executive Management regarding performance matters and also work directly with the DCA's Performance Management Specialist. Should a staff member not meet performance expectations, the issue is addressed through preventive measures such as additional training and frequent meetings with their manager. If the issues persist, counseling, corrective, and disciplinary actions could be pursued.

Accountability is also monitored through workload. Monthly statistics are reported on Licensing and Enforcement workload to Executive Management and at CBA meetings.

The CBA maintains a strong internal control environment which provides management, the CBA, and stakeholders with assurance that the organization is operating in accordance with directives, policies, and legal requirements.

### **Information and Communication**

The CBA understands the importance of communication with internal and external stakeholders and that the distribution of information to each of these groups is critical in ensuring the CBA can meet its consumer protection mission. Internal stakeholders could include both CBA and DCA staff. External stakeholders include, but are not limited to, consumers, applicants, licensees, colleges and universities, other government agencies, and professional associations.

Effective communication internally and externally is achieved by 1) ensuring the information to distribute is accurate and clear; and 2) identifying the audience to which the information will be shared.

## **Internal Communication**

Internal communication is most often achieved through meetings, emails, memorandums, and telephone calls. The method of communication is often determined by the topic to be discussed and the staff members involved. The goal is to foster clear and interactive communication to ensure staff (or Departmental staff) understand the information being provided.

Employees are encouraged to speak with management to address any topic, especially concerns, suggestions, or for necessary clarification on assignments. However, employees also use email and employee surveys to report concerns, inefficiencies or inappropriate actions to management or other decision makers.

## **External Communication**

The CBA uses multiple methods of communication with external stakeholders. In addition to the common methods of email and telephone calls, the CBA also actively participates in presentations at colleges and universities and attendance at consumer outreach events. The most frequent method and easiest way for external stakeholders to receive information is through the CBA's comprehensive website which contains easy to locate information, recent and upcoming events, laws and regulations, and many other sources of information to assist.

To further the CBA's reach, a newsletter is published on a triannual basis and the CBA uses a list service, known as "E-News," that allows stakeholders, including consumers, to sign up to receive emails regarding the CBA's triannual newsletter, updates on regulatory changes, CBA meeting agendas and materials, and much more.

The CBA leverages traditional and social media to increase consumer awareness of the CBA and its mission. In recent years, the CBA has grown its presence on social media and steadily increased its followers on Facebook, Twitter, and LinkedIn as we produce and share content relevant to our stakeholders. The CBA also uses social media to respond to questions and comments about its program requirements and processes. Links to its social media accounts are available on the CBA website.

An additional method to enable stakeholders to receive information on the CBA is by attending and participating in CBA meetings which are held six times per year. Each meeting provides numerous opportunities for the public to provide input regarding various policy discussions and provide comment for items that were not scheduled to be discussed.

## **Identification and Collection of Information**

The CBA uses a variety of options to record pertinent operational, programmatic, and financial information that is distributed to internal and external stakeholders. The CBA houses all licensee data in DCA's Consumer Affairs System (CAS), which is operated by the California Department of Technology's Teale Data Center. CAS and other internal stand-alone databases provide applicant and licensee information that is necessary for workload monitoring and legislatively required reports. This information also often serves as a base when developing materials for outreach events to external stakeholders.

## **MONITORING**

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the California Board of Accountancy monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Patti Bowers, Executive Officer; Deanne Pearce, Assistant Executive Officer; and Dominic Franzella, Chief of Enforcement.

### **Monitoring Activities**

Monitoring of the identified controls is performed on a continuous basis by managers. Monitoring can include meetings with staff, review of workload statistics and budget information and other activities as necessary to ensure awareness of identified risks. To ensure staff and management are actively working, when possible, to address the risks, a project outline is developed that identifies key steps, due dates, and assignments to ensure risks are monitored and mitigated to the extent possible. Frequent communication is conducted between Executive Management and management to assess project timelines until the risks have been eliminated or mitigated to acceptable levels.

### **Addressing Vulnerabilities**

Vulnerabilities are addressed timely and discussed regularly in meetings with Executive Management so that the issues can be evaluated promptly. Executive Management will make a determination on whether the deficiencies can be addressed internally, be escalated to DCA for further resolution or be raised to the CBA for deliberation and action.

Issues that require CBA deliberation will be identified on a publicly noticed agenda and voted upon (if necessary) at a regularly scheduled CBA meeting.

Executive management may hold weekly or routine meetings with their managers to address issues brought to their attention. Managers will be responsible for evaluating and documenting issues brought to their attention and work with Executive Management to determine the appropriate corrective action for the identified deficiencies. Once identified, corrective action should be taken to resolve the deficiency in a timely manner.

### **Communication**

Monitoring activities and results may be communicated to managers via regular Manager's meetings, Action Plan meetings (following a CBA meeting to address actions taken during the meeting), monthly Executive Officer Reports, one-on-one meetings with managers and program staff, and emails. Each Division of the Board has a designated executive monitoring sponsor who will report on the effectiveness of internal control systems as well as convey information to the EO of updates and changes. The EO is responsible for conveying information to DCA as well as the CBA.

## **RISK ASSESSMENT PROCESS**

The following personnel were involved in the California Board of Accountancy risk assessment process: executive management, middle management, and front line management.

The following methods were used to identify risks: ongoing monitoring activities, other/prior risk assessments, external stakeholders, questionnaires, consideration of potential fraud, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and timing of potential event.

In late April 2019, DCA's Internal Audits Unit conducted a risk analysis as part of its development of the Leadership Accountability Report. The CBA's EO, Patti Bowers, received a questionnaire from the Internal Audits Unit that contained a series of control environment questions. The questionnaire was then distributed to each CBA manager for input. Following completion, each manager's questionnaire was returned back to the Internal Audits Unit for review.

In September 2019, the CBA's EO received a follow up communication from the Internal Audits Unit that in order to meet the Leadership Accountability reporting deadline, each DCA entity would be given access to the Leadership Accountability Portal and be required to complete an individual Leadership Accountability Report. The first step was to identify Risks for inclusion into the Risk Matrix. The EO reviewed each manager's questionnaire to identify risks for inclusion into the Risk Matrix, which was due to DCA in October 2019. Following submission of the Risk Matrix, DCA, in coordination with the Department of Finance, conducted a Leadership Accountability training in which the Administration Manager and program staff attended.

The information gathered in the Leadership Accountability training was used to prepare a draft Leadership Accountability report. The draft Leadership Accountability report was submitted for review to CBA Senior Management, which consisted of the Deputy Enforcement Chief, Enforcement Chief, Assistant Executive Officer and EO. Upon final approval, the draft report was then submitted to DCA for review and submission to the Department of Finance.

## **RISKS AND CONTROLS**

### **Risk: Funding-Lack of Resources**

The CBA is at risk of not being able to meet its consumer protection mandate. Over the prior eight years, the CBA has been operating in a yearly negative cash flow of at least \$4 million per year as authorized expenditures are outpacing projected revenues. The negative cash flow has significantly reduced the CBA Reserve Fund creating insufficient resources to enable the CBA to carry out its consumer protection mandate. Although the CBA will be increasing its license renewal and initial licensure fees effective January 1, 2020, the yearly negative cash flow will continue and may impact the CBA's ability to carry out its function, including taking enforcement action against those who have violated the provisions of the Accountancy Act and harmed consumers.

#### **Control: Legislative Approval to Increase Fees**

The CBA has received legislative approval through its Sunset Bill (Assembly Bill 1521) to increase the license renewal and initial licensure fee from \$120 to \$250 and provides statutory authority to further increase the fee through regulation to a maximum of \$280. The \$250 fee level increases yearly revenue, but is not sufficient enough to cover its annual authorized expenditures, which will continue to reduce the CBA's Reserve Fund.

### **Control: Rulemaking Initiated to Increase Fees**

The CBA initiated an emergency rulemaking to increase the license renewal and initial licensure fee to the new statutory maximum of \$280. The emergency rulemaking package was submitted to DCA's Legal Affairs Office and after consulting with the Office of Administrative Law, did not approve the rulemaking package. The CBA has proactively prepared a regular rulemaking package to continue with the request to increase the fee.

### **Control: Fee Analysis**

To further address the CBA's insufficient revenue, in mid-2019, the CBA began seeking a vendor to perform a fee analysis to assess all fees to determine if changes need to be initiated. Although there was some difficulty in securing a vendor through the State's informal bidding process, the CBA worked with DCA on an Invitation For Bid and a vendor was selected in late December 2019. It's anticipated that a contract will be executed in January 2020.

### **Risk: Recruitment-Investigative CPA Classifications**

The CBA relies on highly qualified, specialized Investigative Certified Public Accountants (ICPAs) to perform its most technical and complex investigations. The CBA has previously and continues to experience problems in recruitment in the ICPA classification due to insufficient compensation associated with the series. If the positions are not adequately filled, investigations will not be completed timely and effectively. This issue impacts the CBA's Strategic Plan Goal relating to Enforcement.

In addition, direct oversight of the ICPAs is performed by Supervising ICPAs (SICPAs). Under the current pay differential 347 language, an individual who accepts a supervising ICPA promotion would be required to forfeit the prior bonus. This deters internal qualified candidates from applying for a SICPA position. If the positions are not adequately filled, investigations will not be reviewed timely resulting in significant delays in pursuing enforcement actions and adversely affecting the CBA's consumer protection mission.

### **Control: ICPA Recruitment**

The CBA advertises for vacant ICPA positions through continuous filing recruitment, which allows for candidates to apply on a continuous basis, as opposed to setting a final filing date which limits the candidate pool. For recruitment, the job postings are posted on CalHR's Cal Jobs website. In the past, letters were mailed to all active CPAs informing them of ICPA job opportunities and examinations, in efforts to encourage individuals to examine and apply for vacant positions. The CBA has also posted an article regarding ICPA job opportunities and examinations in the CBA's UPDATE newsletter publication.

### **Control: Revision to Pay Differential 347 Language**

The CBA has been working with DCA on this issue for several years and continues to work with DCA on revising the pay differential language.

As Pay Differential 347 is presently written, current ICPA employees are deterred from promoting

within the ICPA classification series, as a promotion to the next classification level results in an effective pay decrease, by delaying the employees' eligibility to receive their bonus. The proposed changes would include removal of the "maximum" and "consecutive" reference from all bonus criteria. They would also add language that would allow for an employee in an eligible classification, that upon promotion to a classification covered by this retention bonus, to continue to qualify for the retention bonus without a change in eligibility.

### **Control: External Consulting Services**

The CBA may explore the use of external consulting services to provide expertise and review on enforcement cases should there be an influx in technical cases creating an excess backlog due to the loss of ICPAs through attrition.

### **Risk: Inadequate IT Systems for Automation**

All programs within the CBA are impacted by the lack of comprehensive technology infrastructure. The Consumer Affairs System (CAS) is the universal licensee database system used throughout the CBA. The CAS database is limited in functionality and is difficult to modify. It presently serves as a repository for licensee data; however, it does not have any functionality for application or case management and limited capacity for report generation. As a result, units must also use disparate secondary databases containing various applicant and licensee information to complete their tasks. The secondary database systems do not contain adequate electronic reporting tools, and all tracking is done manually.

For stakeholders, specifically applicants for the examination or initial licensure, they are impacted significantly as they are unable to apply online and must instead print out the application and submit the materials through mail. This is not only inconvenient, but creates delays in the processing of the applications.

### **Control: Acceptance of Online Payments**

Because the CAS system only houses information on individuals who have already obtained licensure and is not able to manage applicant data, there is no opportunity to accept online credit card payments for those who are applying for examination or applying for initial licensure. Individuals who are not licensees must remit payment by check, money order, or cashier's check.

The CBA is working with DCA to implement acceptance of credit card payments for licensing and examination fees as part of the CBA's Business Modernization Project.

### **Control: Business Modernization Project**

The CBA has retained subject matter experts through a staff augmentation for the CBA Business Modernization Project and is working with DCA on a technology system solution.

The Business Mapping process commenced in July 2019, with an anticipated rollout of a new and updated IT system that will streamline business process into a single source fully automated central repository by 2023. This matter is in line with the CBA's Strategic Plan.

## **CONCLUSION**

The California Board of Accountancy strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

**Patti Bowers, Executive Officer**

CC: California Legislature [Senate (2), Assembly (1)]  
California State Auditor  
California State Library  
California State Controller  
Director of California Department of Finance  
Secretary of California Government Operations Agency

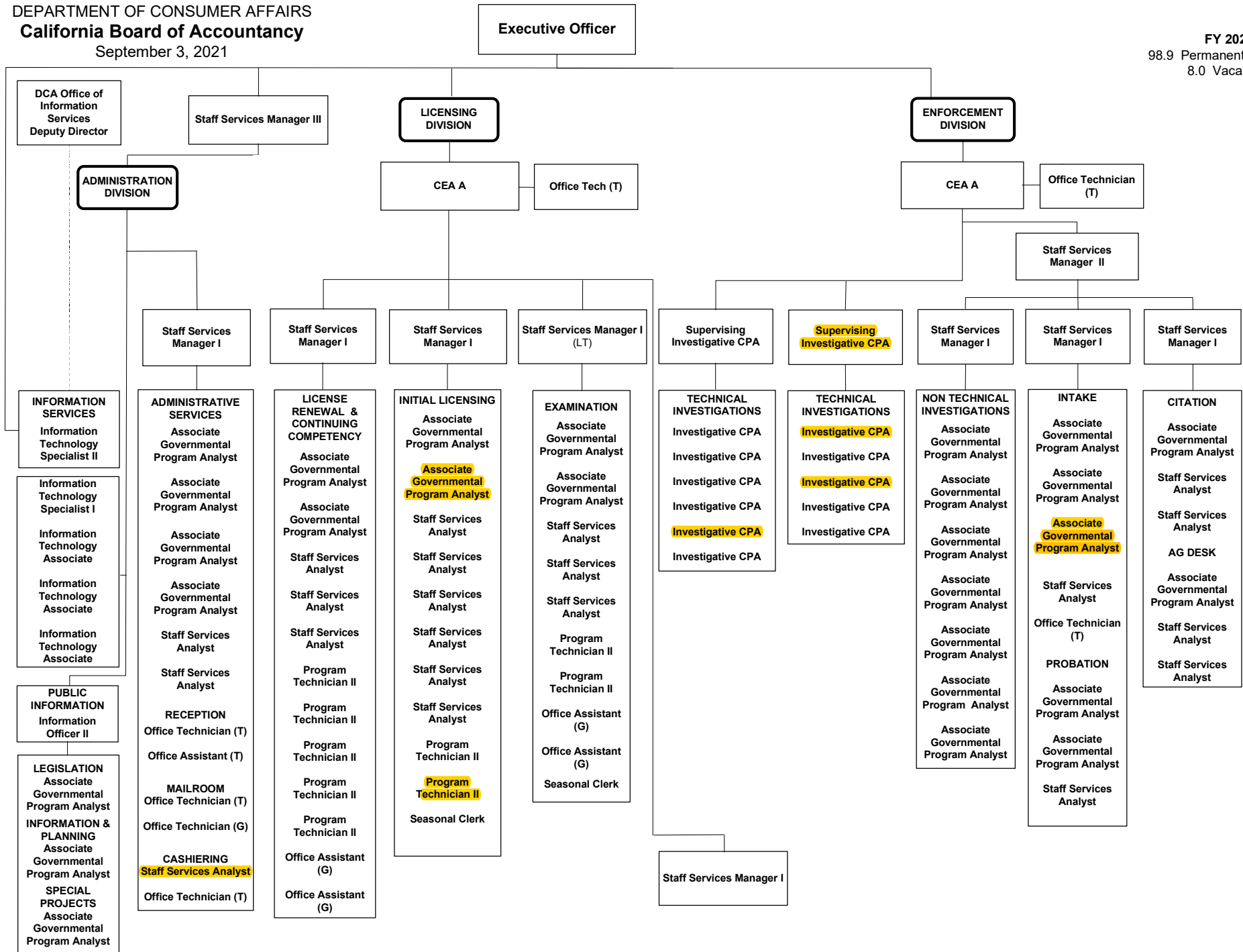


# Vacancies

## Attachment 3

DEPARTMENT OF CONSUMER AFFAIRS  
California Board of Accountancy  
September 3, 2021

FY 2020-21  
98.9 Permanent P.Y.  
8.0 Vacancies







**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item IX.B.**  
September 23-24, 2021

## **Presentation of the California Board of Accountancy Annual Report for Fiscal Year 2020-21**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is to present the *California Board of Accountancy Annual Report for Fiscal Year 2020-21*.

### **Consumer Protection Objectives**

The purpose of this report is to communicate information regarding the activities of the California Board of Accountancy (CBA), ensuring that it maintains actions that support its primary mission of consumer protection.

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

This report is presented annually and is published to the CBA website in the interest of transparency.

### **Comments**

This report highlights CBA activities, accomplishments, and statistics from July 1, 2020, through June 30, 2021.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

California Board of Accountancy Annual Report for Fiscal Year 2020-21

**DRAFT**



# CALIFORNIA BOARD OF ACCOUNTANCY

*Consumer Protection Through Licensure, Enforcement, and Regulation*



## A N N U A L R E P O R T

FISCAL YEAR 2020–2021





# TABLE OF CONTENTS

<b>MESSAGE FROM THE EXECUTIVE OFFICER</b>	<b>5</b>
<b>MISSION, VISION, AND ORGANIZATION</b>	<b>7</b>
<b>CALIFORNIA BOARD OF ACCOUNTANCY COMPOSITION</b>	<b>9</b>
<b>BUDGET</b>	<b>11</b>
<b>OUTREACH</b>	<b>17</b>
Outreach events	17
Social and traditional media	20
<b>STRATEGIC PLANNING</b>	<b>21</b>
Overview	21
Outreach	21
Enforcement	21
Licensing	22
Customer service	22
Emerging technologies	22
2022–2024 Strategic Plan	22
<b>ENFORCEMENT ACTIVITIES</b>	<b>23</b>
Overview	23
Strategic Plan highlights	23
Complaints received	24
Investigations	24
Working with the Attorney General's Office	25
Disciplinary actions	25
Citations	25
Unlicensed activity	25
Probation monitoring	26
Practice privilege reporting	27
Enforcement performance measures	27
On the horizon	28
Additional resources	28
<b>LICENSING ACTIVITIES</b>	<b>29</b>
Overview	29
Strategic Plan highlights	29
Application and licensure statistics	30
Population	31
Out-of-state accounting firm registrations	31
License renewals	31
On the horizon	32
Additional resources	32
<b>LEGISLATION AND REGULATIONS</b>	<b>35</b>
Overview	35
Strategic Plan highlights	35
Regulatory changes	38
On the horizon	39
Additional resources	39
<b>INFORMATION TECHNOLOGY</b>	<b>41</b>
Business modernization	41
COVID-19 technology response and security precautions	41







**Patti Bowers**  
Executive Officer

## MESSAGE FROM THE EXECUTIVE OFFICER

As the Executive Officer of the California Board of Accountancy (CBA), it is my pleasure to present our *Fiscal Year 2020–21 Annual Report*. This report highlights the many CBA achievements in the past year and outlines programs implemented to meet our consumer protection mission and provide excellent service to our applicants and licensees.

### Online Application for CPA Licensure

In April, the CBA launched an online application for CPA licensure. This new option provides the ability to submit applications, upload necessary documents, and pay the application and initial licensee fees entirely on the CBA website. During its first few months of operations, approximately two-thirds of applicants have utilized the online application, and we expect that percentage to climb higher. Applicants can now access a personal dashboard to monitor the review process of their application. This is a major improvement in the overall initial licensure experience for our applicants.

In order to promote the online application, the CBA, with help from the digital team at DCA, produced a [video](#) spotlighting the excitement surrounding the new online capabilities. The video has been viewed over 2,900 times across all the CBA social media platforms.

### Outreach and Social Media

The CBA had a busy schedule of outreach events despite colleges and universities holding classes online for the entire academic year. The CBA took part in six virtual events conducted directly with individual schools, and another event aimed at a statewide audience of community college students. More than 400 students attended one of the CBA's outreach events. We will detail these events more closely in this report.

The CBA's social media pages continue to grow, accumulating nearly 1,600 new followers, equating to a 20% gain since our last *Annual Report*.

### Military and Refugee/Asylee/Special Immigrant Visa Holder Liaison

Early in 2021, the CBA expanded its existing webpage focused on military-related assistance to include specific information and resources for military spouses and domestic partners. Concurrently, we also established an email address and toll-free telephone number dedicated to assisting these individuals, and appointed a staff member to act as their direct liaison within the CBA. We are honored to provide this assistance to our armed forces.

A similar program was introduced to aid refugees, asylees, and special immigrant visa holders, who also have a direct liaison along with a dedicated email address and toll-free telephone number to used for assistance.

### Enforcement

The Enforcement Division received 2,729 complaints and closed 2,692 investigations in fiscal year 2020–21. Of the total investigations closed, 2,058, or 76%, were closed within six months from the initial complaint investigation date. Further, 2,546 investigations, or 95%, were closed within one year.

(continued on page 6)



*(continued from page 5)*

As part of a recent disciplinary matter, the CBA required a large accounting firm to develop continuing education focused on the subject matter of ethics that the CBA will approve, and to make the hours available to all California CPAs at no cost. The inclusion of a continuing education element requires the accounting firm to demonstrate a strong recognition regarding its misconduct, and a commitment to advancing the CBA's mission of consumer protection by reinforcing the importance of ethics in the accounting profession.

These are only samples of the CBA's achievements in fiscal year 2020–21. More will be addressed in this report. We anticipate even more innovations in the year to come, which will benefit consumers and stakeholders as we strive to continue to meet our consumer protection mission.

**Patti Bowers**  
*Executive Officer*





## MISSION STATEMENT

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.



## VISION STATEMENT

All consumers are well informed and receive quality accounting services from licensees they can trust.



## ORGANIZATION

For more than 100 years, the California Legislature has entrusted the CBA with protecting the public related to the practice of public accountancy in California. The CBA's mission to protect consumers is at the core of the work that is accomplished.

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders.

The CBA regulates more than 111,000 licensees, including individuals (certified public accountants and public accountants) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have national and international footprints, reaching clients worldwide. CPAs work in a variety of areas, including accounting firms, private industry, government, and academia. CPAs provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. The protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA. Collectively, the three divisions of the CBA—Enforcement, Licensing, and Administration—work to ensure that consumers are protected and stakeholders receive high-quality customer service.







# CALIFORNIA BOARD OF ACCOUNTANCY COMPOSITION

The CBA is composed of 15 members, eight of whom are public members, not licensed by the CBA, and seven of whom are licensees of the CBA. The governor appoints four of the public members and all licensee members. The Senate Rules Committee and the Speaker of the Assembly each appoint two public members.

## Current California Board of Accountancy Members



**Nancy J. Corrigan, CPA**  
CBA President  
Governor Appointee



**Michael M. Savoy, CPA**  
Vice-President  
Governor Appointee



**Mark J. Silverman, Esq.**  
Secretary/Treasurer  
Governor Appointee



**George Famalett, CPA**  
Governor Appointee



**Karriann Farrell Hinds, Esq.**  
Governor Appointee



**Mary M. Geong, CPA**  
Governor Appointee



**Dan Jacobson, Esq.**  
Speaker Appointee



**Xochitl A. León**  
Senate Rules Committee  
Appointee



**Luz Molina Lopez**  
Governor Appointee



**Zuhdia "Dee Dee" Owens, CPA**  
Governor Appointee



**Ariel Pe**  
Speaker Appointee



**Deidre Robinson**  
Governor Appointee



**Katrina Salazar, CPA**  
Governor Appointee



**Yen Tu**  
Senate Rules Committee  
Appointee

*Vacant: Governor Appointee*









## BUDGET

### OVERVIEW

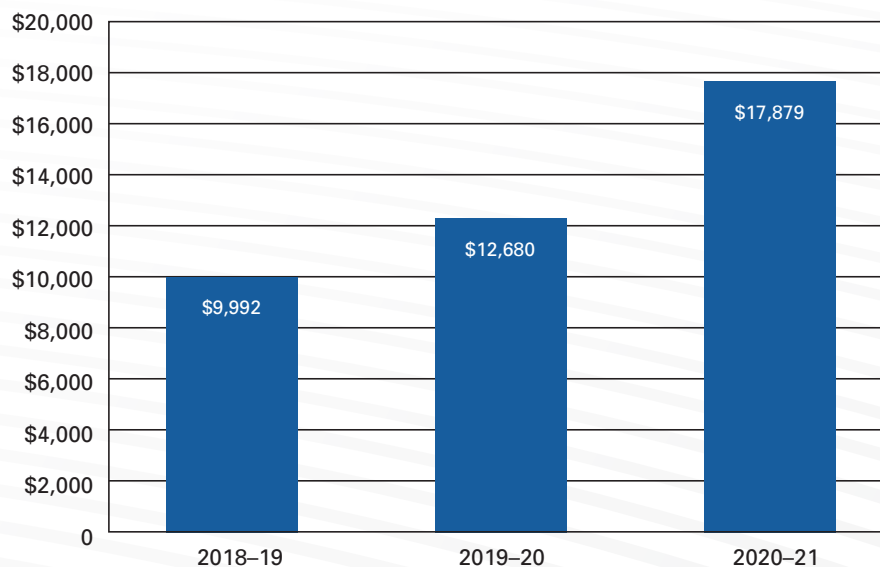
The CBA's statutory mandate and highest priority is to protect the public. To achieve its mission, the CBA operates in a fiscally responsible manner to ensure funds are spent exclusively to support this mandate.

### STRATEGIC PLAN HIGHLIGHTS

The CBA implemented a fee increase that became effective January 1, 2020 for license renewals and initial licensing fees. The fee increase was necessary to more closely align the CBA's revenues and expenditures. Fiscal year 2020–21 represented completion of the first full year of the fee increase and its cumulative effect on the Reserve Fund.

While the noted fee increase to \$250 represented a necessary step to create better balance between revenues and expenditures, staff continue to work on a regulatory proposal to increase license renewal and initial licensure fees to the statutory maximum of \$280. The rulemaking proposal was approved by the Department of Consumer Affairs and filed with the Office of Administrative Law in June 2021. A public hearing on the proposed increase was held in August and is presently pending submission to the Office of Administrative Law.

### CBA REVENUE



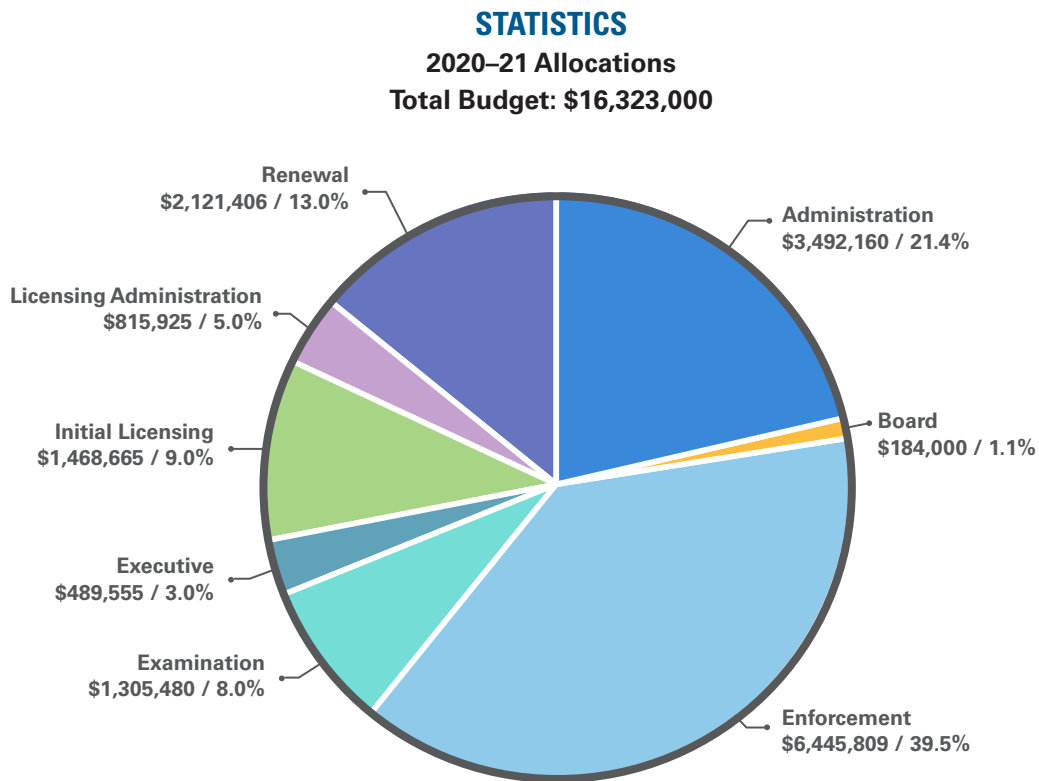
(continued on page 12)



(continued from page 11)

## STATISTICS

The CBA allocates its budget to various organizational units to best meet its consumer protection mission while also striving to provide the best customer service to its stakeholders. The chart below depicts all of the organizational units comprising the CBA and their associated funding levels for 2020–21.



(continued on page 13)



(continued from page 12)

EXPENDITURES	
Personnel Services	\$9,918,174
General Expense	\$82,234
Printing	\$499
Communication	\$54,230
Postage	\$20,890
Insurance	\$1,409
Travel In-State	\$1,633
Travel Out-of-State	\$0
Training	\$2,496
Facilities Operations	\$608,629
Consulting and Professional Services (internal)	\$678,707
Consulting and Professional Services (external)	\$177,197
Department of Consumer Affairs Pro Rata	\$2,437,453
Departmental Services	\$14,658
Consolidated Data Centers	\$121,233
Information Technology	\$18,227
Equipment	\$87,542
Special Items of Expense	\$37,259
Scheduled Reimbursements	(\$22,176)
Unscheduled Reimbursements	(\$165,493)
<b>Total</b>	<b>\$14,450,139</b>

**Note:** The expenditures for 2020–21 are based on fiscal month reports and reflect actual amounts expended. The expenditure amounts shown are not equal to the amounts shown on the fund condition report due to the fund condition displaying both expended and encumbered amounts.

(continued on page 14)



(continued from page 13)

## Reserve Level

The CBA's reserve level for end of fiscal year 2020–21 is projected to be \$12,930,000, which is an approximate 8.0 months in reserve. The CBA operates within its legislatively established budget and ensures spending does not exceed its authorized amount. At the end of each fiscal year, the CBA will revert any unspent monies to its reserve.

FUND CONDITION STATEMENT (Dollars in Thousands)			
	Fiscal Year 2019–20	Fiscal Year 2020–21	Fiscal Year 2021–22
Beginning Balance	\$24,201	\$20,816	\$12,930
Prior Year Adjustments	<b>(-\$218)</b> <sup>1</sup>	N/A	N/A
Adjusted Beginning Balance	\$23,983	\$20,816	\$12,930
Revenues	\$12,249	\$17,807	\$16,900
Interest Income Revenue	\$431	\$72	\$56
Accrued Interest, Loans to General Fund	N/A	<b>(-\$10,000)</b>	N/A
Loans Repaid from General Fund	N/A	N/A	N/A
Total Revenue and Transfers	\$12,680	\$17,879	\$16,956
Budget Authority	\$17,022	\$16,323	\$17,614
Actual Expenditures <sup>2</sup>	\$14,707	\$14,660	\$17,614 <sup>3</sup>
Disbursements to Other State Agencies	\$1,140	\$1,105	\$1,533
Fund Balance	\$20,816	\$12,930	\$10,422
<b>Months in Reserve</b>	<b>15.8</b>	<b>8.0</b>	<b>6.3</b>

<sup>1</sup> \$218,000 was deducted to pay previous year's expenses or invoices that came in late or after the end of the fiscal year closing.

<sup>2</sup> Expenditure figures on this fund condition statement consist of actual expenditures and encumbered amounts. Encumbered amounts may be reflected on the fund condition statement for up to three years, and then are included in the prior year adjustment amount.

<sup>3</sup> Fiscal year 2021–22 is a projection expending full budget authority.

(continued on page 15)



(continued from page 14)

## On the Horizon

The CBA is anticipating completion of its fee analysis in late 2021. The fee analysis is to determine if present fee levels align with the cost to perform the corresponding service. Based on the outcome of the fee analysis statutory or regulatory changes may be necessary.

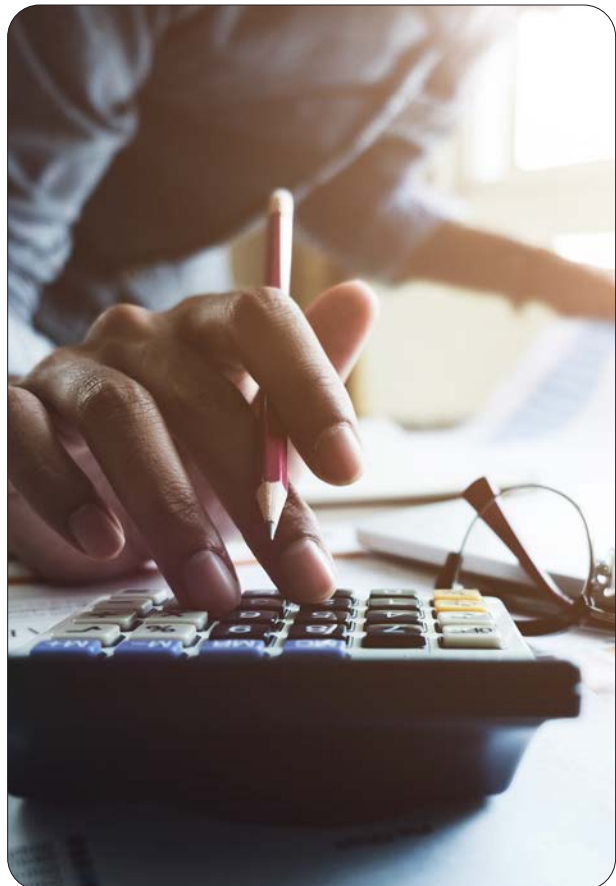
The CBA's personnel expenditures in 2021–22 were significantly reduced as employee pay reductions were implemented statewide in response to California's economic crisis caused by COVID-19. The pay reduction became effective July 1, 2020, and was originally expected to be in place for two years. However, the 9.23% reduction in pay was restored one year sooner than expected due to the vast improvement in California's economic condition.

COVID-19 and its resultant statewide fiscal effects also prompted the state of California to internally borrow money from its special fund agencies in July 2020. The CBA was one of many DCA entities selected by the Pooled Money Investment Board to make such a General Fund loan. The CBA's loan to the General Fund in 2020–21 was for \$10 million and is scheduled to be repaid with interest in fiscal year 2024–25 or sooner, as economic conditions improve.

## Additional Resources

To keep CBA members and stakeholders apprised of the CBA's fiscal standing, a budget report is presented during CBA meetings. The information includes expenditures, year-end projections, staffing allocations, and the Accountancy Fund status. The budget information for CBA meetings is posted on the website. The presentation on the CBA's budget can be viewed during the meeting webcast and the video is archived on the CBA website.

For additional transparency, a report on the CBA's budget is provided annually in the *UPDATE* publication. This report contains budget allocation information, expenditures, and upcoming budgetary changes. Additional information can be found in prior annual reports (available at [www.cba.ca.gov](http://www.cba.ca.gov) under the "Communications & Outreach" tab).









## OUTREACH

### OUTREACH EVENTS

It was a busy year for the CBA, despite colleges and universities shifting to online classes. The CBA worked with five universities to execute six virtual outreach events during 2020–21 aimed to inspire and educate students in how and why they should pursue CPA licensure after graduation. There was also an event with a private corporation and an event aimed at a statewide audience of community college students. It is estimated that CBA outreach events reached a total of 600 students during 2020–21. Videos of many of the events were posted to the CBA [YouTube](#) channel and linked from the CBA [website](#) for ongoing viewing.



*CBA President Nancy J. Corrigan, CPA*

### September 2020 Intel Corporation

The Intel Corporation invited the CBA to speak at its September 15 online event titled “CPA/CMA Roadshow,” geared toward Intel’s accounting and finance professionals located in California and neighboring states. Ms. Gracia discussed the requirements and steps involved to obtain a CPA license.

### September 2020 “From Community College to CPA”

The California Society of CPAs (CalCPA) held “[From Community College to CPA](#),” the first time the event was online. This allowed CalCPA to promote the event to accounting students across the state. President Corrigan spoke about the role of the CBA, requirements for CPA licensure, and participated in a panel discussion with other CPAs and community college professors. Nearly 100 students from all corners of the state watched that evening, from Sierra College in Northern California to Pasadena City College in Southern California, and many points in between.

*(continued on page 18)*



(continued from page 17)

### October 2020 California State Polytechnic University, Pomona

The CBA partnered with California State Polytechnic University, Pomona's (Cal Poly Pomona) Department of Accounting for an educational outreach event, which occurred **October 6**. Nearly 200 of Cal Poly Pomona's accounting and finance students participated in the online seminar.

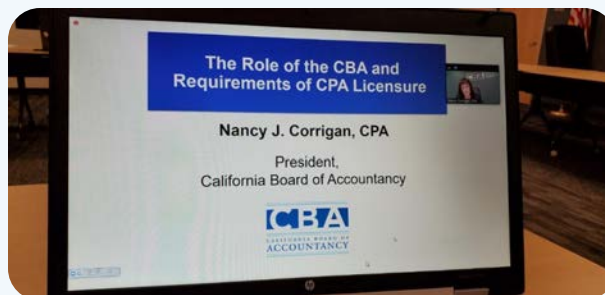
The program was broken up into two segments. The first was an hour-long presentation and panel discussion featuring President Corrigan, a Cal Poly Pomona alumna and a member of its Accounting Department Advisory Council; along with CalCPA Chair Jolene Fraser, CPA; Mel Hudson, CPA, partner at RSM US; and Cal Poly Pomona Director of Graduate Studies Dr. Meihau Koo. The panel addressed the future of the accounting field and its job market, and answered relevant questions, such as how COVID-19 may have changed opportunities to gain the experience necessary to apply for licensure.

The second segment consisted of four hours of individual student assessments. During this time, four CBA staff reviewed students' transcripts to provide guidance regarding the education requirements for the CPA Exam and CPA licensure. Fifty-eight Cal Poly Pomona students took advantage of this opportunity.

Due to the event's success, Cal Poly Pomona staff discussed conducting the event again in spring 2021, and expanding it to twice a year.

### January 2021 Golden Gate University

Approximately 50 Golden Gate University (GGU) students participated virtually on January 25 in an event titled **"CPA—Game Changer!"** President Corrigan spoke about the role of the CBA and the value of the CPA title, including how it made a difference in her career. Teaming with President



Corrigan were CBA Examination Unit Manager Suzanne Gracia and Initial Licensing Unit Manager Ramona Bermudez, who covered the topics of the qualifications and application process for the CPA Exam and CPA licensure. CBA Member Mary M. Geong, CPA, an alumna of GGU, joined the lineup to speak about her career from graduation to CPA, including now being on the CBA. CBA staff also answered a variety of student questions after the presentations. GGU staff was highly appreciative and said the event was valuable for their students.

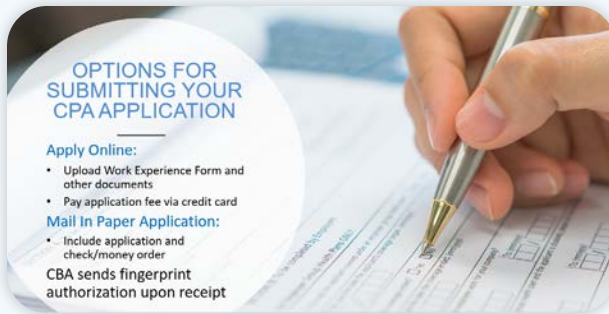
### February 2021 San Francisco State University

The "Pathways to Success in Accounting" event took place February 11, in partnership with CalCPA and San Francisco State University. The event featured a variety of speakers from a broad spectrum of accounting careers. President Corrigan, Ms. Gracia, and Ms. Bermudez represented the CBA and gave presentations on a similar slate of topics as at GGU, but also focusing on upcoming changes to the CPA Exam in 2024.

In an effort to connect more effectively with the audience in a virtual outreach setting, an updated deck of PowerPoint slides complementing the CBA presentations was debuted at this event, with three examples of the slides shown on the next page. These new slides gave the CBA presentations a fresher feel and more visually appealing look.



(continued from page 18)



### April 2021 San Jose State University

On April 14, the CBA took part in an outreach event with San Jose State University attended by approximately 80 students. President Corrigan spoke about the role of the CBA and the value of the CPA title, including how it made a difference in her career. Presenting with President Corrigan were CBA Examination Unit staff, who covered the topics of the qualifications and application process for the CPA Exam and CPA licensure, along with a mention of changes coming to the CPA Exam in 2024. CBA staff also answered a variety of student questions after the presentations.

### April 2021 California State Polytechnic University, Pomona

Following a successful outreach event with Cal Poly Pomona in fall 2020, staff invited the CBA to partner with them for a similar event in the spring. The event, which featured an hour of presentations and four hours of one-on-one student educational assessments, occurred **April 21**, and was watched by over 100 students. President Corrigan, Ms. Gracia, and Ms. Bermudez, were joined by CBA staff member David Hemphill for the presentation portion, speaking about a similar slate of topics as at San Jose State University. Ms. Bermudez also announced the new online application process for CPA licensure, which had just been activated the previous day.

Thirty Cal Poly Pomona students met individually with CBA staff members Jennifer Huddy, Jennifer Jackson, Diane Edwards, and Delia Tomas to discuss their coursework, and where the students stood in fulfilling the education requirements to sit for the CPA Exam and apply for CPA licensure.

### May 2021 California State University, San Bernardino

The final event of the spring semester happened **May 4**. In addition to President Corrigan, Ms. Bermudez, and Mr. Hemphill's presentations, California State University, San Bernardino alumni members of the Inland Empire chapter of CalCPA gave opening remarks and discussed their CPA career journeys from graduation to today. More than 100 students participated.

(continued on page 20)



(continued from page 19)

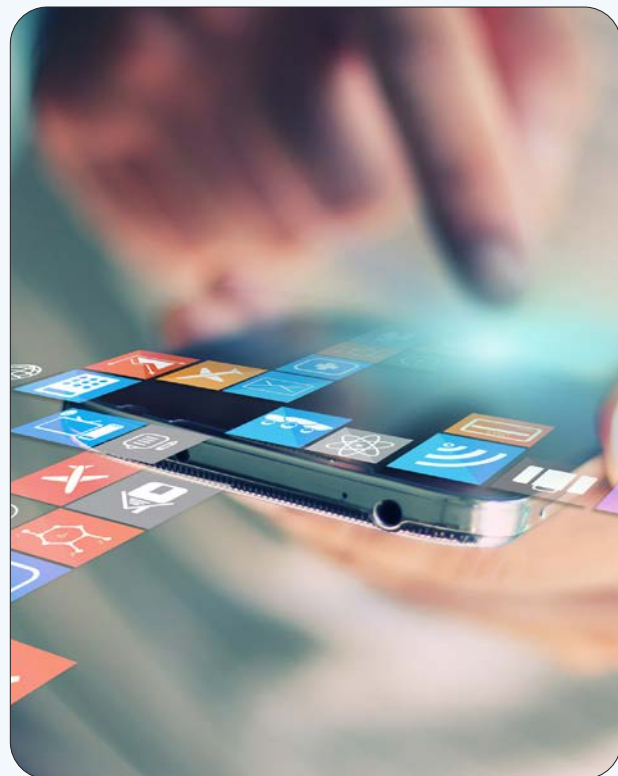
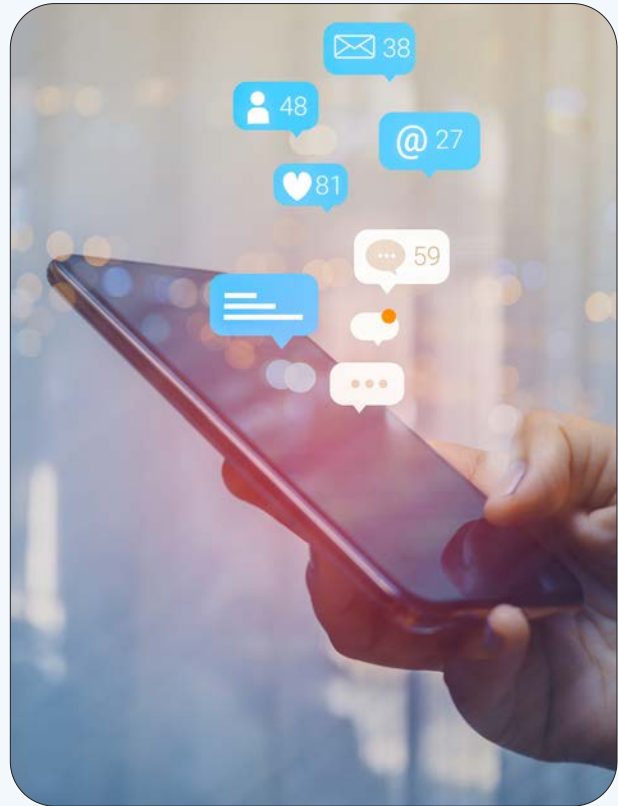
## SOCIAL MEDIA GROWTH

The CBA's Facebook, Twitter, and LinkedIn social media pages added nearly 1,600 followers during 2020–21, a growth of 20%. The platforms are on pace to surpass 10,000 total followers before the end of 2021.

Social media posts in the past year have ranged from helpful reminders regarding license renewals and announcements of the new online application, to messages coordinated with the Governor's Office, such as raising awareness of the COVID-19 vaccines and encouraging Californians to conserve energy during Flex Alerts.

In July 2020, the CBA launched a social media campaign featuring weekly updates regarding the amount of time it was currently taking to review applications. The posts consisted of Processing Date Calendars to give a visual representation of the processing times, and the calendars used a retro-inspired font intended to grab followers' attention. The campaign caught the attention of a national accounting blog, which wrote an entire article about the posts, and praised the CBA for its transparency. The weekly posts also spurred numerous comments and private messages, as applicants seeing the increased interaction became aware that the CBA's social media pages could be an additional way to communicate. This is another opportunity for CBA staff to provide excellent customer service by answering questions in a timely manner.

CBA staff sends news releases to traditional media outlets regarding CBA member appointments and annual member elections. In addition, following the approval of disciplinary cases at CBA meetings and the posting of the related orders on the CBA website, staff informs reporters and editors throughout California of the enforcement actions.







## STRATEGIC PLANNING

### OVERVIEW

The CBA continues to make significant progress in meeting the goals and objectives identified in its 2019–2021 *Strategic Plan*. Here are highlights from a few of those goals.

### OUTREACH

*Provide and maintain effective and timely outreach to all CBA stakeholders.*

Achievements in this area include:

- Updated the CBA's comprehensive Communications and Outreach Plan to acknowledge achievements from the prior year and identify new CBA priorities and strategies to achieve them.
- Enhanced current and established new partnerships with colleges, universities, and professional societies. This has enabled the CBA to continue advocating for its consumer protection mission and reach stakeholders regarding qualifications for the CPA Examination, licensure, and license renewal.
- Conducted virtual outreach events with colleges and universities.
- Significantly increased social media presence by engaging stakeholders and providing increased transparency, including weekly processing time updates via social media.

### ENFORCEMENT

*Maintain an active, effective, and efficient program to maximize consumer protection.*

Achievements in this area include:

- Added information to the Enforcement Activity Reports regarding unlicensed activity case statistics and citation and fine appeals.
- Monitored cases that the CBA took action on that resulted in the revocation of a license or stipulated surrender to assess whether the individual is continuing to practice as a CPA, and whether a case needs to be opened or referred to local law enforcement/district attorney or DCA's Division of Investigation.
- Created and simplified an online complaint form and made other enhancements to the CBA website to better assist consumers in reporting unlicensed activity.

*(continued on page 22)*



(continued from page 21)

## LICENSING

*Maintain an active, effective, and efficient program to maximize consumer protection.*

Achievements in this area include:

- Implemented a process to allow electronic submission of transcripts and documents for CPA licensure.
- Collaborated with CBA Information Technology (IT) staff, DCA, and an IT vendor to create an online system for applicants to apply for their CPA license.
- Created a video to assist applicants for CPA licensure with the new online application.
- Designated a liaison to military and refugee/asylee/special immigrant visa holder applicants to provide expedited licensure.
- Established an agreement with the American Institute of Certified Public Accountants (AICPA) to schedule twice-annual data deliveries that will allow for the CBA to receive consistent peer reviewer data, thus facilitating the monitoring of the peer review program.

## CUSTOMER SERVICE

*Deliver the highest level of customer service.*

Achievements in this area include:

- Enhanced the License Lookup information to better identify licensees with disciplinary action against their license.
- Expanded online services to include the option paying for CPA application and licensure fees.

- Responded in a timely manner to the growing number of questions received privately through CBA social media platforms.
- Increased the interactivity of *UPDATE* newsletters by including links to related information on the CBA website from within the article.

## EMERGING TECHNOLOGIES

*Improve efficiency and information security through the use of existing and emerging technologies.*

Achievements in this area include:

- Implemented an online dashboard for CPA licensing applicants to monitor the status of their applications.
- Enhanced website information to further assist military and refugee/asylee/ special immigrant visa holders.
- Received a positive outcome on its network structure and security protocols during the 2021 security assessment conducted by the California Military Department.

## 2022–2024 Strategic Plan

During 2021, the CBA initiated work on the development of its *2022–2024 Strategic Plan*. An Environmental Scan will be completed and the new strategic plan will be released in early 2022.





## ENFORCEMENT ACTIVITIES

### OVERVIEW

The Enforcement Program's primary responsibility is to oversee the enforcement of California laws and rules governing the practice of public accountancy. It does this by:

- Conducting complex investigations regarding practice issues that require the expertise of a licensed CPA.
- Conducting investigations for administrative violations and unlicensed activity.
- Issuing citations and fines for violations that do not rise to the level of discipline.
- Filing accusations and imposing discipline.
- Assigning and monitoring referrals to the Office of the Attorney General.
- Monitoring licensees on probation.
- Monitoring compliance with the mandatory peer review program.

### STRATEGIC PLAN HIGHLIGHTS

The Enforcement Program continued to realize improvements in case management due to best practices development and implementation in the prior fiscal years as illustrated:

- The Enforcement Program closed 2,656 investigations. This is a 21% increase in the number of cases closed compared to the prior fiscal year (2,199). Staff closed nearly 75% of the investigations within the first six months, and 95% within one year.
- The number of complaints received this fiscal year (2,729) increased 19% compared to the prior fiscal year (2,295). The overall inventory of pending complaints at the end of this fiscal year was 779.
- The Enforcement Program continues to focus on decreasing the number of complaints pending over 24 months. Since the end of fiscal

year 2017–18, the program has decreased the number of complaints in this category by 92%. There are presently four complaints pending over 24 months.

- The Enforcement Program, working collaboratively with the Enforcement Advisory Committee, took steps to modify its practice for conducting investigative hearings so they could be performed in a virtual format. Investigative hearings have historically occurred face-to-face in conjunction with meetings. The investigative hearings include several participants, including members, Enforcement Program staff, a deputy attorney general, a court reporter, and the licensee (who may also have counsel). During fiscal year 2020–21, the Enforcement Program conducted six investigative hearings.

*(continued on page 24)*



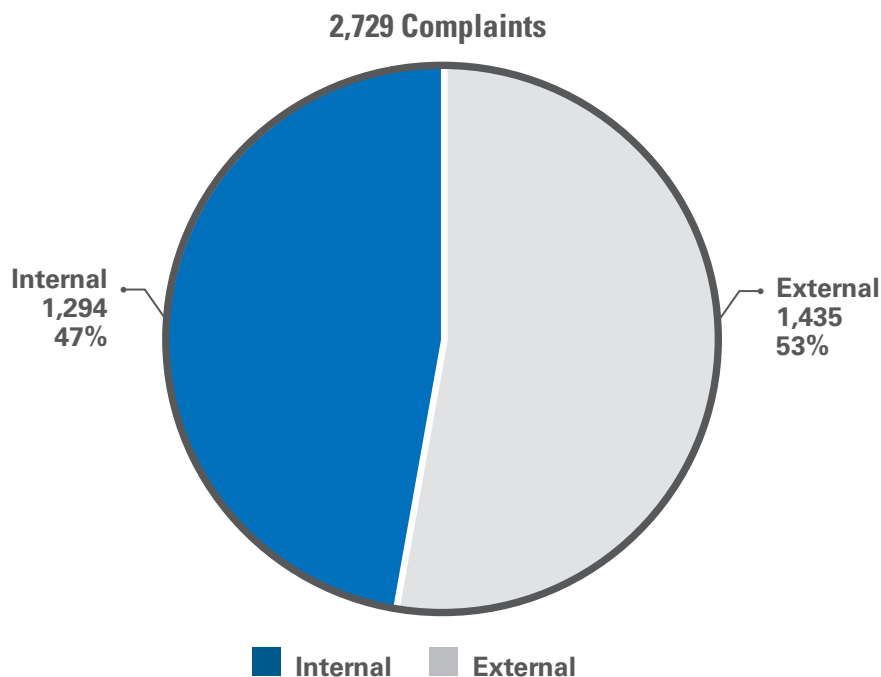


(continued from page 23)

## Complaints Received

The Enforcement Program receives complaints from consumers, licensees, professional societies, law enforcement, other government agencies, and internal referrals. In addition, staff regularly monitors other outlets, including the news media and social media, for information that may suggest licensees' violations of the California Accountancy Act and CBA regulations.

The internal complaints from the CBA Licensing Program include various licensing renewal deficiencies related to continuing education, unlicensed activity, potential discrepancies in peer review reporting, and conviction and subsequent arrest notifications.



## Investigations

The Enforcement Program closed 2,656 cases in 2020–21. The average days to close an investigation was 113.

Investigations	2020–21
Assigned for Investigation	2,729
Investigations Closed	2,656
Average Days to Close	113

(continued from page 24)

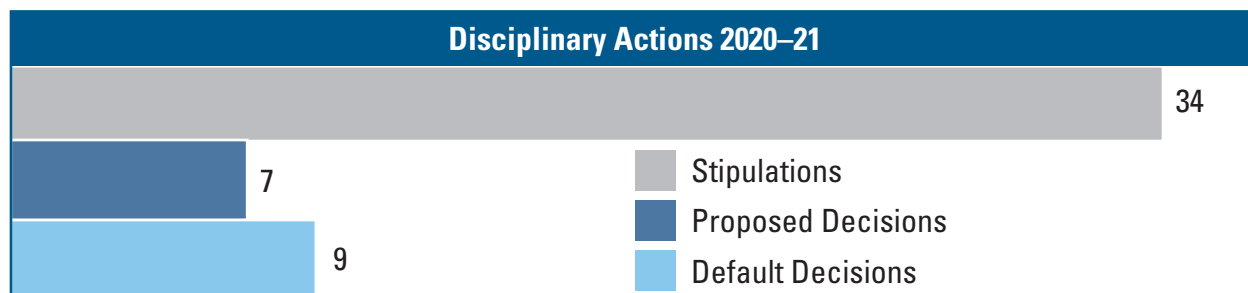
## Working With the Attorney General's Office

The number of referrals to the Attorney General's Office stayed constant in 2020–21 with 51 cases compared to 50 in the prior fiscal year. The number of cases pending at the Attorney General's Office decreased slightly from 41 cases in 2019–20 to 39 in 2020–21. The continued decrease in the past three years is primarily attributed to the Enforcement Program's effectiveness in working to obtain settlement shortly after a pleading is filed.

Attorney General's Office 2020–21	
Referrals	51
Cases Pending	39

## Disciplinary Actions

The CBA took action on 50 matters, the majority of which were through stipulated settlements. This is a decrease in the number of matters handled by the CBA in fiscal year 2020–21, which was 69. This decrease over the last two fiscal years can be attributed to the decrease in cases pending at the Attorney General's Office.



## Citations

The CBA uses its citation and fine authority for violations that do not rise to the level of discipline, and as a mechanism to gain compliance from licensees. In 2020–21, the CBA issued 376 citations, which is 116% more than the previous year. The top three violations included:

- **CBA Regulations section 87(a)(1) (20/12 Continuing Education Requirement)**
  - Note: The citations issued were for licensees who failed to complete a minimum of 20 hours of continuing education in each year of their two-year license renewal period (with a minimum of 12 hours in technical subject matter). This regulation is commonly referred to as the "20/12 requirement."
- **CBA Regulations section 52 (Response to CBA Inquiry)**
- **CBA Regulations section 87 (Continuing Education Basic Requirement)**

## Unlicensed Activity

The CBA actively investigates unlicensed matters from both external/consumer complaints and internally identified matters on CPAs or accountancy firms operating with an expired license, individuals without

(continued on page 26)



(continued from page 25)

a CPA license, and unregistered accounting firms. Generally, the Enforcement Program is able to obtain compliance from individuals, but does issue citations or refer matters to local law enforcement or the district attorney when warranted.

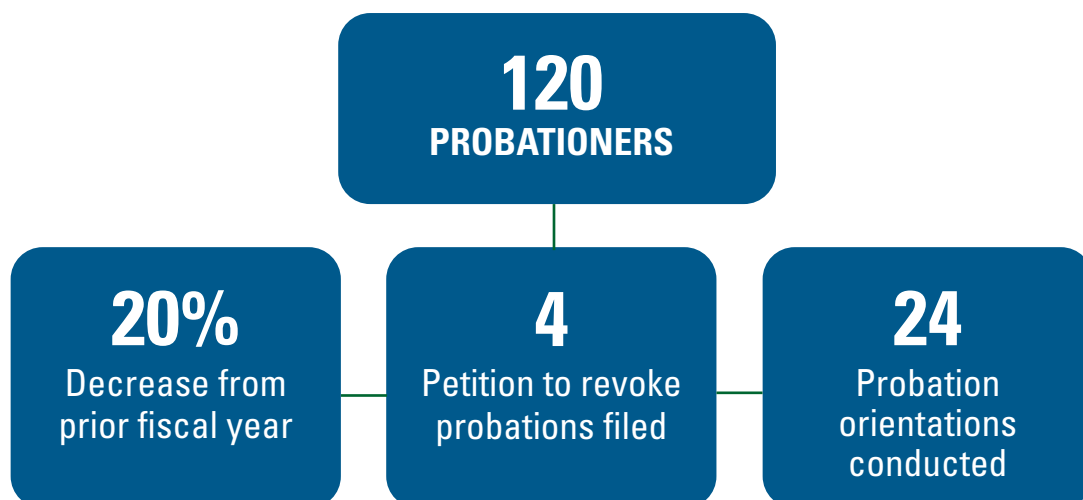
The number of complaints received regarding unlicensed matters increased significantly, from 142 complaints received during 2019–20, to 475 complaints received during 2020–21, a 234% increase. The Enforcement Program closed 401 unlicensed complaints during 2020–21, a 116% increase from 2019–20.

Unlicensed Activity 2020–21	
Complaints Received	475
Investigations Pending	146

Unlicensed Activity Outcomes 2020–21	
Citations Issued	17
Closed for Compliance	382
Referred to District Attorney/Local Law Enforcement	2
<b>Total</b>	<b>401</b>

## Probation Monitoring

Probation monitoring is an important program and essential aspect of the CBA's consumer protection mission. It helps ensure only qualified licensees practice public accountancy in accordance with established professional standards.



(continued on page 27)



(continued from page 26)

## Practice Privilege Reporting

This table depicts the enforcement aspects of the CBA's mobility program in these identified areas:

Practice Privilege Reporting	Total
Pre-Notification Forms Received	1
U.S. Securities and Exchange Commission Discipline Identified	0
Public Company Accounting Oversight Board Discipline Identified	7
Out-of-State Accounting Firms that Reported Other Discipline	3
External Complaints Against Practice Privilege Holders	1

## Enforcement Performance Measures

Enforcement Performance Measures	Target	Result
Number of Complaints and Convictions Received	N/A	2,729
Number of Complaints Closed or Assigned to an Investigator	N/A	2,729
Average Number of Days from Complaint Receipt to the Date the Complaint Was Closed or Assigned to an Investigator	10 days	1 day
Number of Investigations Closed (Not Including Cases Transmitted to the Attorney General)	N/A	2,656
Average Number of Days to Complete the Entire Enforcement Process for Cases Not Transmitted to the Attorney General (Includes Intake and Investigation)	180 days	113 days
Cases Closed After Transmission to the Attorney General for Formal Disciplinary Action (Including Formal Discipline and Closures Without Formal Discipline, e.g., Withdrawals, Dismissals, etc.)	N/A	54
Cases Closed After Transmission to the Attorney General for Formal Disciplinary Action (Including Formal Discipline and Closures Without Formal Discipline, e.g., Withdrawals, Dismissals, etc.)	540 days	915 days
Number of New Probation Cases	N/A	30
Average Number of Days from the Date a Violation of Probation is Reported to the Date the Assigned Monitor Initiates Appropriate Action	15 days	1 day

(continued on page 28)



(continued from page 27)

The CBA's Investigation Cycle Time was 113 days. Although this is an increase compared to the last fiscal year's cycle of 82 days, the CBA investigated 361 more cases than last fiscal year. The average number of days to complete investigations is a result of process changes made within the Enforcement Program's Intake Unit.

The CBA's average number of days for the Formal Discipline Performance Measure increased from 904 days for 2019–20 to 915 in 2020–21. The performance measure associated with formal discipline calculates the average number of days to complete the entire enforcement process from the date the complaint was received until the effective date of the final discipline for decisions that took effect during that quarter. As the Enforcement Program works to address its aging case inventory and the CBA acts on these matters, there will be a direct impact on this performance measure.

## On the Horizon

Consistent with the CBA's mission of consumer protection, the CBA will be continuing to work collaboratively with other state boards, agencies, and regulators in investigating unlicensed activity to ensure consumers are receiving services from appropriately licensed professionals.

The Enforcement Program will begin making updates and modifications to the CBA Disciplinary Guidelines and Model Orders (Guidelines). This will ensure any new statutes and regulations are appropriately identified in the Guidelines and update any of the various model orders and terms and conditions of probation to reflect CBA expectations for its various decisions and orders.

## Additional Resources

The CBA offers an online complaint form and information to assist consumers who may have concerns or a complaint against a licensee. It is available at [www.cba.ca.gov](http://www.cba.ca.gov) under the "Consumers" tab.

Additionally, there are helpful resources on the CBA website under the "Applicants" and "Licensees" tabs to assist licensees and applicants in understanding the enforcement process, including:

- [The Enforcement Handbook for Licensees](#)
- [The Enforcement Handbook for CPA Licensure Applicants](#)







## LICENSING ACTIVITIES

### OVERVIEW

The Licensing Program's primary charge in meeting the CBA's consumer protection mission is to regulate entry and continuing practice in the profession by ensuring that only those who are qualified are licensed to practice public accountancy. Its three units—Examination, Initial Licensing, and Renewal and Continuing Competency—act as gatekeepers for the profession by ensuring:

- Applicants meet education requirements prior to taking the CPA Exam.
- Applicants for licensure meet the examination, education, and experience requirements necessary for licensure.
- Accountancy partnerships and corporations are appropriately registered.
- Applicants for renewal maintain reasonable currency of knowledge.
- Out-of-state registered accounting firms that intend to perform specified accounting services for entities headquartered in California meet the minimum registration requirements.

---

### STRATEGIC PLAN HIGHLIGHTS

The CBA maintains a 30-day processing target for its applications. The CBA reports this target timeframe to the Governor's Office and the California Legislature as part of performance-based budgeting requirements and is included in the CBA's *2019–2021 Strategic Plan*.

Licensing Program staff worked collaboratively with CBA and Department of Consumer Affairs Information Technology staff to create the online application for CPA licensure for candidates applying for a CPA license. CPA licensing applicants are able to submit a complete application, upload and attach supporting documents, and pay the application fee online.

An online dashboard for CPA licensing applicants was created to further support applicants. After receipt of a licensing application, applicants are able to log into their dashboard to monitor the

status of the application by tracking CBA receipt and approval of various supporting documentation (e.g., transcripts, experience forms, etc.).

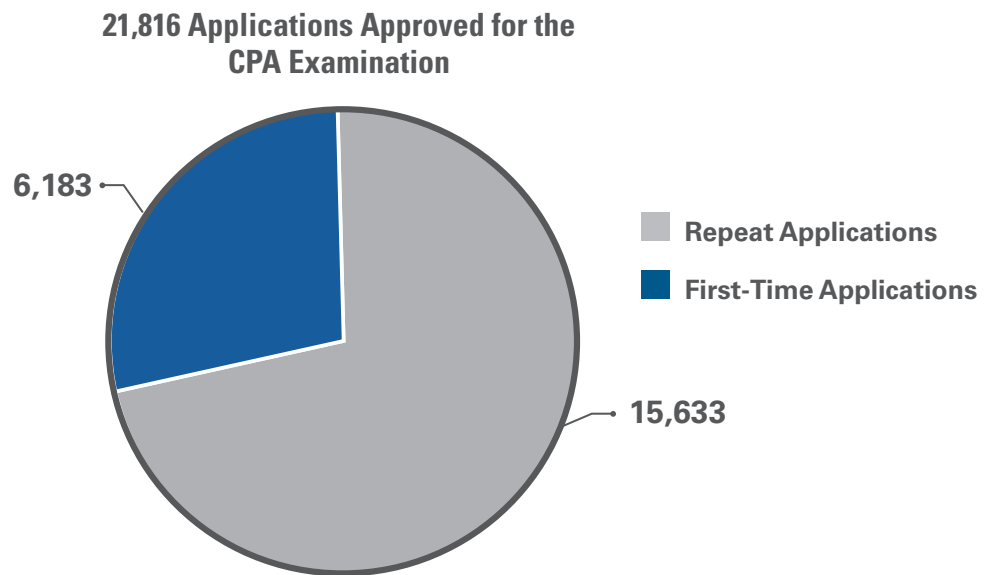
The Qualifications Committee met virtually throughout the fiscal year, conducting critical interviews of applicants and employers to support recommendations for licensure to the Licensing Program staff. To assist in the interview process, Licensing Program staff developed a flyer providing guidance to those who must appear before the Qualifications Committee, in an effort to facilitate a smoother appearance process.

The CBA will resume Prometric Testing Center visits in 2021–22. The purpose of Prometric test center visits are to evaluate how testing center staff adhere to security and other procedural requirements.

(continued on page 30)



(continued from page 29)



## Application and Licensure Statistics

Provided here is an overview of the application and licensure volume for both individual and accounting firm licenses:

Application Type	2020–21*
<b>First-Time CPA Examination</b>	
Received	6,074
Approved	6,183
<b>Initial CPA Licensure</b>	
Received	3,577
Approved	4,046
<b>CPA Accountancy Firm</b>	
Received	436
Approved	494
<b>Renewals</b>	
Received	48,641
Approved	46,687

\*Note: Applications received at the end of the fiscal year may not be processed until the following fiscal year.



(continued from page 30)

## Population

		2020–21
Certified Public Accountant	Active	58,529
	Out-of-State	24,393
	Out-of-Country	2,910
	Delinquent/Expired	11,613
	Retired Status, <i>if applicable</i>	3,774
	Inactive	30,617

## Out-of-State Accounting Firm Registrations

Out-of-state accounting firms that hold a valid and current license, certificate, or permit to practice public accountancy from another state are required to register with the CBA prior to performing specified services through a qualified practice privilege holder.

Out-of-State Accounting Firm Registrations	2020–21
Initial Registration Received	84
Initial Registration Approved	67
Enforcement Referrals	5

## License Renewals

CPA licensees are required to renew their licenses biennially, in conjunction with their birth month. Accountancy corporations, partnerships, and out-of-state accounting firms are also required to renew biennially, corresponding with their registration date with the CBA. Additionally, a Fictitious Name Permit holder must renew every five years from the date of issuance.

License Renewals	2020–21
Certified Public Accountant/Public Accountant	43,947
Accountancy Corporation	1,951
Accountancy Partnership	579
Out-of-State Accounting Firm	147
Fictitious Name Permit	376
<b>Total</b>	<b>47,000</b>

(continued on page 32)





(continued from page 31)

License Renewal Review	
Total Reviewed	21,991
Deficient/CE Waiver	3,238
Deficient/CE Waiver Percentage Rate	15%

The license renewal application review includes both individual and firm applications. As part of these reviews, staff evaluate the various requirements necessary for each license renewal type, which would include a review of continuing education worksheets for each CPA renewal.

Continuing Education Audits	
Compliant	557
Pending Review	104
Deficient/CE Waiver	67
Enforcement Referral	34
Total Selected	762

The license renewal application review includes both individual and firm applications. As part of these reviews, staff evaluate the various requirements necessary for each license renewal type, which would include a review of continuing education worksheets for each CPA renewal.

## On the Horizon

The primary focus in the Licensing Program remains the processing of applications within 30 days. The CBA will continue exploring methods that streamline processes, create efficiencies, and leverage resources to more quickly process applications and assist applicants on their pathway to licensure.

The CBA is scheduled to begin work on the Business Modernization pilot project in fall 2021. The pilot will focus on automating the license renewal process.

## Additional Resources

The CBA website—[www.cba.ca.gov](http://www.cba.ca.gov)—contains significant resources for applicants and licensees including:

- **Exam Quick Tips** and **Licensing Quick Tips**
- Handbooks for **CPA Examination**, **CPA licensure**, and **licensees' frequently asked questions**
- Webinars on CPA Examination and licensing requirements

(continued on page 33)



(continued from page 32)

### Assistance to Military and Refugees/Asylees/Special Immigrant Visa Holders

The CBA has had information on its website focused on assisting the military and their families for several years. In early 2021, the CBA revamped the information and expanded it to not only include information to military members, but also to refugees/asylees/special immigrant visa holders regarding available resources, such as priority review and expedited application processing.

The CBA also established both a military-specific and a refugee/asylee/special immigrant visa holder-specific email address and toll-free telephone number. A military and refugee/asylee/special immigrant visa holder liaison, Jennifer Jackson, was also appointed. The liaison serves as a primary point of contact and is available to directly assist these applicants and licensees.

Through the end of June 2021, there had been 107 inquiries received through the military email and phone number, and four through the same refugee assets.

The CBA's Executive Officer, along with other DCA Executive staff, were invited to provide a presentation at the Department of Social Services

regarding Assembly Bill 2113 (Chapter 186 of 2020), which implemented many of the provisions aimed at assisting refugee/asylee/special immigrant visa holder applicants.

Further, the CBA has taken a support position on several legislative proposals aimed at assisting military members and their family with easing the logistics of obtaining a license to practice public accountancy in California. CBA staff provided testimony in support of Assembly Bill 1386, which would have eliminated the fees association with initial licensure and some examination fees. Since the implementation of these practices, the CBA has received positive feedback from those using the liaison's assistance. The newly implemented practices have improved our customer service and application processing times for these individuals, and we look forward to continuing to serve them in this manner in the future.

### Resources

- **Military**—Email [militaryinfo@cba.ca.gov](mailto:militaryinfo@cba.ca.gov) or call (833) 992-0577.
- **Refugee/asylee/special immigrant visa holder**—Email [refugeeinfo@cba.ca.gov](mailto:refugeeinfo@cba.ca.gov) or call (833) 656-2318.









## LEGISLATION AND REGULATIONS

### OVERVIEW

The CBA's legislative and regulatory programs help ensure California laws support the CBA's consumer protection mission. This is accomplished by using the following best practices:

- Tracking and monitoring the status of bills that may impact the CBA's mission or its operations.
- Developing and maintaining relationships with the Legislature to help ensure the CBA has the resources and policies in place to protect consumers.
- Communicating with the authors of bills of interest to the CBA, inviting those authors to attend CBA meetings, providing CBA's legislative analyses, and expressing willingness to meet and discuss pending legislation.
- Identifying activities that help the CBA in effectively engaging with the Legislature and appropriately advocating for its position on bills and emerging issues.
- Engaging with stakeholders including DCA, other boards and bureaus, representatives of the California Society of Certified Public Accountants, national accounting firms, and consumer advocates.
- Initiating changes to statutes or regulatory requirements consistent with CBA-approved policy.

### STRATEGIC PLAN HIGHLIGHTS

The highlight of the CBA's legislative activity for 2021 has been the CBA's sponsorship of AB 298 (Irwin). Working collaboratively with the California Society of Certified Public Accountants and other stakeholder groups, the proposal would enable applicants to sit for the CPA Exam 180 days prior to completing their educational requirements. In addition, the proposal would add additional qualifying coursework in ethics, preserve the privacy of email addresses of applicants and licensees held by the CBA, and make other minor changes relating to the operation of the CBA.

During 2021, staff engaged with the Legislature, the Department of Consumer Affairs (DCA), and other stakeholders to advocate for the CBA's position on these key bills:

### AB 105 (Holden)—CBA POSITION: WATCH

**Outcome:** Senate Appropriations Committee

**Summary:** Beginning January 1, 2022, all state boards and commissions must have at least one volunteer member from an underrepresented community. This requirement will only apply as vacancies occur. AB 105 requires the State Personnel Board to prescribe, and the Department of Human Resources to oversee, compliance with a merit-based civil service system to govern appointments, classifications, examinations, probationary periods, and disciplinary actions. The bill authorizes the Department of Human Resources to 1) conduct audits and investigations of personnel practices and 2) investigate complaints filed by employees in a state department's Equal Employment Opportunity Program. AB 105 would

*(continued on page 36)*



(continued from page 35)

also require hiring oral examinations to be video or otherwise electronically recorded, and that such recordings be maintained for three years and that the Department of Human Resources develop model upward mobility goals by July 1, 2022.

**AB 107 (Salas)—CBA POSITION: SUPPORT**

**Outcome:** Assembly (Concurrence in Senate Amendments)

**Summary:** This bill would require a board within DCA to, after appropriate investigation, issue a temporary license to practice a profession to an applicant who meets the following requirements: 1) is married to, a domestic partnership or other legal union with, an active duty member of the U.S. armed forces assigned to a duty station in California, and 2) has a current, active, and unrestricted license to practice their profession in another U.S. jurisdiction. The provisions for the issuance of a temporary license would not apply to a board, such as the CBA, that has a process under which these individuals are able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year. AB 107 would also require DCA and its boards to post information on their websites relating to licensure for these individuals.

**AB 298 (Irwin)—CBA POSITION: SPONSOR**

**Outcome:** Governor's Desk

**Summary:** This bill would allow the CBA to admit applicants to sit for the CPA Exam 180 days prior to completing their educational requirements, under certain conditions. The bill also provides greater latitude with regard to courses to satisfy the CBA's ethics requirements. AB 298 also includes additional minor proposals related to the privacy of applicant and licensee email addresses, and would authorize the CBA secretary/treasurer or another CBA member to preside over CBA meetings.

**AB 646 (Low)—CBA POSITION: WATCH**

**Outcome:** Assembly Appropriations Committee (Two-Year Bill)

**Summary:** This bill would require a licensing

board under DCA, including the CBA, to update information on its website regarding licensees who have had their licenses revoked due to criminal conviction(s) that are subsequently expunged, pursuant to Penal Code section 1203.4.

**AB 885 (Quirk)—CBA POSITION: SUPPORT**

**Outcome:** Assembly Governmental Organization Committee (Two-Year Bill)

**Summary:** This bill would revise the Bagley-Keene Open Meeting Act to encourage greater accessibility for both the public and members of a state body, when state bodies elect to use teleconferencing technology. The bill would define teleconferencing as participation in a meeting both audibly and visually. Under provisions of the bill, members of a state body participating remotely would count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate.

**AB 1026 (Smith)—CBA POSITION: SUPPORT**

**Outcome:** Assembly Appropriations Committee (Two-Year Bill)

**Summary:** This bill would require DCA, and any board within DCA, to grant a 50% fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the U.S. armed forces or the California National Guard and was honorably discharged.

**AB 1316 (O'Donnell)—CBA POSITION: WATCH**

**Outcome:** Assembly Inactive File

**Summary:** This bill would require that by January 1, 2023, the CBA, in consultation with the chief executive officer of the County Office Fiscal Crisis and Management Assistance Team, adopt regulations requiring:

- That 12 of 80 hours of continuing education criteria as a condition of license renewal, for certified public accountants who audit local educational agencies be in areas pertaining to California local educational agencies for financial and compliance audits.



(continued from page 36)

- That peer reviews are required for accountants conducting audits of local education agencies prior to engaging in that activity.

**AB 1386 (Cunningham)—CBA POSITION: SUPPORT**

**Outcome:** Assembly Appropriations Committee (Two-Year Bill)

**Summary:** This bill would prohibit a board within DCA from charging an initial application fee, an initial license issuance fee, or an initial examination fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the U.S. armed forces with an assigned duty station in California. The initial examination fee shall only be waived if the examination is administered by the board.

**SB 607 (Min)—CBA POSITION: SUPPORT**

**Outcome:** Assembly Floor

**Summary:** The bill would, among other proposals, require all boards within DCA, including the CBA, to waive all fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership or other legal union with, an active duty member of the U.S. armed forces assigned to a duty station in California, under official active duty military orders, and who holds a current license in another U.S. jurisdiction for which the applicant seeks a license from the board. SB 607 also proposes to make the provisions relating to the fee waiver effective July 1, 2022. SB 607 contains other proposals that do not impact the CBA.

**SB 702 (Limón)—CBA POSITION: SUPPORT**

**Outcome:** Assembly Floor

**Summary:** This bill would require that on or before March 1, 2022, the Governor's Office convene a working group to discuss and make recommendations on the most effective way to ensure the state's leadership on boards and commissions reflects diversity in age, ethnicity, gender, gender identity, disability status, region, veteran status, and sexual orientation, among other things. The bill specifies the composition of the working group, identifies the issues its recommendations shall address, and details information to be reported annually to the

Legislature and made available to the public on the governor's website. The working group shall meet beginning April 1, 2022, and five additional times before May 1, 2023, before completing its work by January 1, 2024.

**SB 731 (Durazo)—CBA POSITION: WATCH**

**Outcome:** Assembly Floor

**Summary:** This bill would require the Department of Justice to expand provisions regarding criminal record relief, without requiring a petition or motion by a party for that relief, to include an arrest and a conviction of a felony, if specified conditions are met. It would make an arrest for a felony, where there is no indication that the criminal proceeding has been initiated at least three years after the arrest, eligible for relief. It amends existing law to provide that if the arrest was for a jail or prison felony with a sentence of eight or more years, the record of that arrest shall be eligible for relief when no criminal proceedings have happened six years after the arrest. It would make all felonies eligible for relief, not just jail felonies, and provides that if the defendant was on mandatory supervision, the parole officer shall notify the prosecuting attorney when a petition is filed.

**SB 772 (Ochoa Bough)—CBA POSITION: WATCH**

**Outcome:** Senate Business, Professions and Economic Development Committee (Two-Year Bill)

**Summary:** This bill would prohibit any board, bureau, or commission within DCA, including the CBA, from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation, as specified.

*NOTE: Two-year bills will not be taken up again in 2021, and are not eligible for further action until 2022.*

For updates on legislation tracked and monitored by the CBA, please visit the "Laws and Rules" page of the CBA's website, found at [www.cba.ca.gov](http://www.cba.ca.gov) under the "About the CBA" tab.

(continued on page 38)



(continued from page 37)

## Regulatory Changes

Throughout fiscal year 2020–21, the CBA advanced its pending rulemaking packages. This chart indicates each pending or approved regulatory change:

Title 16 California Code of Regulations/Status	Subject
Approved	
98, 99, 99.1, 99.2	AB 2138—Disciplinary Guidelines; Substantial Relationship Criteria; Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, and Reduction of Penalty; and Directly and Adversely Financial Crime Criteria
45	Peer Review Reporting (Firms) Amend PR-1
Pending	
12.5	Update Attest Experience Forms
19	Practice Privilege Form
70	License Renewal and Initial Licensure Fee Increase
7.1	Continuous Testing
2.8	Satisfactory Evidence
87, 88, 88.1, 88.2, 89, 90	Continuing Education Requirements
54.3, 54.4	Sale, Transfer, or Discontinuance of Practice

(continued on page 39)





(continued from page 38)

## On the Horizon

The CBA will be undergoing Sunset Review in 2023. Sunset Review provides the Legislature with an opportunity to conduct a thorough review of the CBA's programs and effectiveness of protecting consumers. The Legislature last conducted a Sunset Review of the CBA in 2019. The CBA President and an additional CBA member will provide testimony regarding CBA operations and respond to various questions regarding activities and accomplishments over the prior four years. There will also be an opportunity to discuss new issues the CBA is facing and possible legislative solutions.

On the legislative front, the CBA is exploring the development of proposals to update the criteria surrounding a licensee's Retired Status, firm ownership requirements, and changes to enable additional use of electronic mail by eliminating any specific requirements to the use of "mailings" for communications.

## Additional Resources

The following legislative and regulatory information is posted on the CBA website:

- **California Accountancy Act**
- Current and pending **CBA regulations**
- **Pending legislation** upon which the CBA has taken a position









## INFORMATION TECHNOLOGY

### **Business Modernization Project**

The CBA continues to work closely with DCA on its Business Modernization Project to achieve its goal of creating a more efficient and automated licensing and enforcement process for consumers, applicants, licensees, and other stakeholders. These improvements will be enabled by a new, integrated IT system, which will replace several legacy systems and applications.

The CBA and DCA worked on compiling information to detail the planning and project phases of the project to identify staffing resources, contracts, procurement of software, and identification of roles for all that are participating. The information is provided to the California Department of Technology, which provides the oversight of all statewide information technology projects.

The next step in the CBA's Business Modernization Project is a pilot project scheduled to start in fall 2021 with a projected completion date of January 2022. The pilot project will focus on automating the license renewal process and submission of online complaints. The CBA continues to make certain the Business Modernization Project remains a high priority and has made staffing adjustments internally to provide DCA with the staff support it needs to ensure a successful outcome.

### **COVID-19 Technology Response and Security Precautions**

CBA's IT staff continued to enhance the CBA's remote work infrastructure in order to improve reliability and staff efficiency. Central to this effort was the addition of support for network printers and network scanners for a remote work infrastructure. Support for these devices allows staff to more fully replicate the functionality of the CBA office environment when working remotely. In addition, more Windows Remote Desktop Services servers were added along with virtual private network access gateways that serve staff to increase reliability through additional redundancy.

The CBA successfully completed its bi-annual comprehensive Information Systems security audit in April 2021. The audit was performed by the California Military Department's Cyber Network Defense Team. This audit followed the significant changes made to the CBA's IT infrastructure to address the need for remote work. This was done because of the unprecedented COVID-19 pandemic, as well as the needs of staff that returned to work in the CBA office. The CBA's successful performance in this audit provided independent, third-party validation of the security of the CBA's IT infrastructure for both remote and in-office CBA staff.

*(continued on page 42)*



*(continued from page 41)*

The CBA also initiated the purchase of replacement personal computers, laptops, and monitors, as most of the existing equipment has aged beyond its useful life. This new equipment will help the CBA modernize its IT infrastructure and align more closely with DCA's existing IT infrastructure. The CBA expects to receive this new equipment in fall 2021.

The CBA also partnered with the DCA Office of Information Services on Business Modernization and a transition to the online licensing application system. The collaborative work with DCA will be expanded in the future to continue to provide staff with the IT equipment and services needed to carry out their work.










**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300 | Sacramento, CA 95833  
[www.cba.ca.gov](http://www.cba.ca.gov)



STATE OF CALIFORNIA  
**dca**  
DEPARTMENT OF CONSUMER AFFAIRS

PDE\_21-211 



## **CBA-HOSTED OUTREACH EVENT**

CBA staff has set a date of Wednesday, October 20 for the first virtual outreach event to be hosted and produced exclusively by the California Board of Accountancy (CBA). The event will target accounting students at colleges and universities across the state of California, along with any other individuals interested in becoming a licensed CPA.

The program will consist of presentations, a panel discussion, and a question-and-answer session. President Nancy J. Corrigan, CPA, will present about the role of the CBA. She will be joined for the panel discussion by CBA Vice-President Michael M. Savoy, CPA, and other CPAs representing a cross-section of the accounting profession. CBA Information and Planning Analyst David Hemphill and Initial Licensing Unit Manager Ramona Bermudez will give presentations covering the requirements to sit for the Uniform CPA Examination (CPA Exam) and requirements for CPA licensure.

CBA staff is working with the Department of Consumer Affairs (DCA) to create a flyer to promote the event, which will be shared with the members once complete. Staff will also reach out to contacts at California colleges and universities and the California Society of CPAs for their help in raising awareness for the event.

## **PODCASTING**

Final preparations are being made for the upcoming CBA podcasting series. The podcast series will have recurring episodes, some of which will highlight a different aspect of the CBA, from applying for examination to renewing a license. Other episodes will include a conversation with a CBA member or other influential figure in the accounting profession.

With the continued increase in podcasting's popularity nationwide, the CBA is excited to jump into this medium to spread its message further. The goal is to have the first episode launched later this year.



## **CONSUMER ASSISTANCE BROCHURE**

The CBA is finalizing its new Consumer Assistance Brochure (Brochure). The Brochure features eight panels of key information that is drawn from the current Consumer Assistance Booklet (Booklet). The new Brochure is more streamlined and will be another source of information to assist consumers. The Brochure will be posted to the CBA website alongside the Booklet and will be shared with the CBA once complete.

## 2022-24 STRATEGIC PLAN UPDATE

Work continues on the preparation of the Environmental Scan to be used for the development of the 2022-24 CBA Strategic Plan. Due to an overwhelming 3,161 responses to the Strategic Plan online survey, DCA needed more time to compile all of the information provided by stakeholders. The Environmental Scan will be presented during a Strategic Planning Workshop now scheduled to occur during the November CBA meeting.

## EMAIL REGISTRATION

Efforts continue to remind or educate licensees of the requirement for them to provide the CBA with a current, valid email address. This became law as of July 1, 2020, with the passage of Assembly Bill 1521. The campaign to inform licensees of this fact began in January 2020 when a letter was sent containing a unique PIN and instructions on how to register an email address on the CBA website.

To date, more than 22,000 licensees have registered and verified their email address with the CBA. With over 100,000 licensees, however, many email addresses still have not been registered. Staff are working on several strategies to obtain email addresses for the remaining licensees, including sending a second letter to licensees, continued outreach in the UPDATE publication, and social media.

Further, the CBA is in possession of approximately 64,000 email addresses that have not been officially registered or verified by the licensee. This population of email addresses accumulated over many years of licensees voluntarily providing the information at the time of renewal. Communications and Information Technology staff are developing a process to send an email to this group to have the licensee verify what the CBA has on file is the email address they would like registered for receipt of communications and if not, providing guidance on how to update the information. Staff will continue to keep the CBA apprised on the email registration process.

## E-NEWS

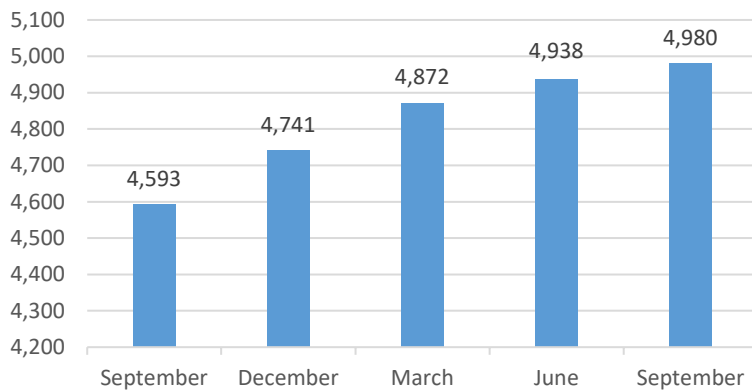
E-News Subscriptions	Total
Consumer Interest	5,191
Examination Applicant	3,286
Licensing Applicant	4,012
California Licensee	11,044
Out-of-State Licensee	2,765
Statutory/Regulatory	8,918
CBA Meeting Information & Agenda Materials	4,393
UPDATE Publication	8,906
<b>Total Subscriptions</b>	<b>48,515</b>
<b>Total Subscribers</b>	<b>106,032</b>

## SOCIAL MEDIA

The CBA's social media footprint continues to grow, now less than 200 followers away from surpassing the 10,000 follower plateau. A testament to its reach is the advertising of the CBA's recent online survey to gather information for its upcoming Strategic Plan. In previous years, responses numbered in the low hundreds. This year, with the boost of social media, there were more than 3,000 responses, as mentioned previously. This is an increase of 1,211% compared to the prior survey, conducted in 2018. The CBA will continue to use its social media as an additional way to communicate educational or informational messaging to stakeholders.

The following charts show the growth of CBA social profiles over the past 12 months:

### 12-month Facebook Growth

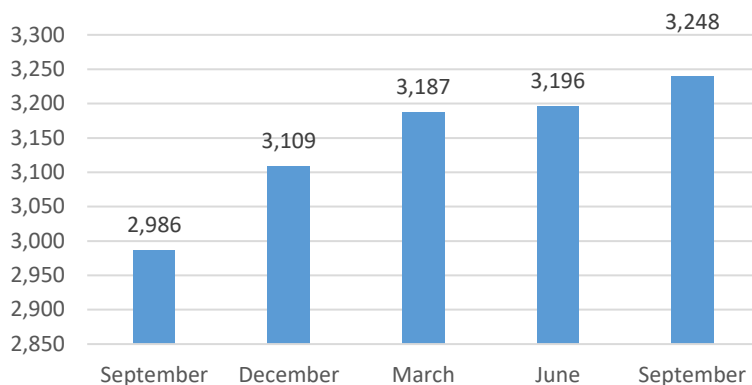


Total followers: 4,980

Growth last 3 mos.: +42, +0.9%

Growth last 12 mos.: +387, +8.4%

### 12-month Twitter Growth

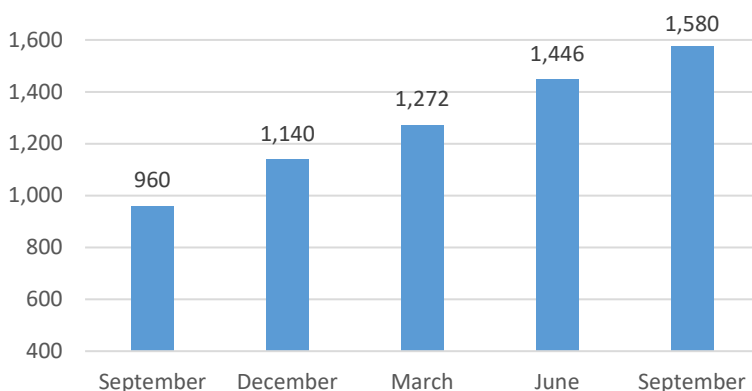


Total followers: 3,248

Growth last 3 mos.: 52, 1.6%

Growth last 12 mos.: +262, +8.8%

### 12-month LinkedIn Growth



Total followers: 1,580

Growth last 3 mos.: +134, +9.3%

Growth last 12 mos.: +620, +64.6%





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item X.B.2.**  
September 23-24, 2021

## **Approval of the 2022 Qualifications Committee Meeting Dates**

**Presented by: Nasi Raissian, CPA, Chair, Qualifications Committee**

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the proposed Qualifications Committee (QC) meeting dates for 2022.

### **Consumer Protection Objectives**

The QC is authorized to act as an advisory committee and assist the CBA in its licensure activities and consumer protection mandate, by examining the qualifications of applicants for CPA licensure and making recommendations to the CBA.

### **Action Needed**

The CBA may choose to adopt or modify the proposed 2022 QC meeting dates.

### **Background**

The 2022 CBA meeting dates (**Attachment**) are as follows:

- January 20-21, 2022 – Location TBD
- March 24-25, 2022 – Location TBD
- May 19-20, 2022 – Location TBD
- July 21-22, 2022 – Location TBD
- September 22-23, 2022 – Location TBD
- November 17-18, 2022 – Location TBD

### **Comments**

The proposed QC meeting dates are:

- January 26, 2022
- April 27, 2022
- July 27, 2022
- October 26, 2022

QC meetings are presently being conducted virtually; however, this format is subject to change as new COVID-19 guidance is provided.

## **Approval of the 2022 Qualifications Committee Meeting Dates**

Page 2 of 2

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

The QC recommends the CBA adopt or modify the proposed 2022 QC meeting dates.

### **Attachment**

CBA 2022 Year-at-a-Glance CBA Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
2022 MEETING DATES/LOCATIONS CALENDAR  
(CBA MEMBER COPY)**

**Attachment**

**JANUARY 2022**

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	NC	NC	22
23	24	25	26	27	28	29
30	31					

**FEBRUARY 2022**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

**MARCH 2022**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	SC	SC	26
27	28	29	30	31		

**APRIL 2022**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

**MAY 2022**

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	NC	NC	21
22	23	24	25	26	27	28
29	30	31				

**JUNE 2022**

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

**JULY 2022**

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	SC	SC	23
24	25	26	27	28	29	30
31						

**AUGUST 2022**

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**SEPTEMBER 2022**

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	NC	NC	24
25	26	27	28	29	30	

**OCTOBER 2022**

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

**NOVEMBER 2022**

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	SC	SC	19
20	21	22	23	24	25	26
27	28	29	30			

**DECEMBER 2022**

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

**COMMITTEES**

EAC - Enforcement Advisory Committee  
QC - Qualifications Committee  
PROC - Peer Review Oversight Committee

**GENERAL LOCATION**

NC-NORTHERN CALIFORNIA  
SC-SOUTHERN CALIFORNIA

	CBA OFFICE CLOSED
	CBA MEETING
	EAC MEETING
	PROC MEETING
	QC MEETING



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item XI.A.**  
September 23-24, 2021

## **Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 70 – Fees**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is twofold:

1. To provide the California Board of Accountancy (CBA) the opportunity to consider any public comments and provide responses, and
2. To provide the CBA an opportunity to adopt proposed amendments to Title 16, California Code of Regulations (CBA Regulations) section 70.

### **Consumer Protection Objectives**

A fee increase is necessary to assist the CBA in maintaining a healthy fund balance by generating sufficient revenue to address expenditures and support its licensing, regulatory and disciplinary functions consistent with the CBA's mission of consumer protection.

### **Action(s) Needed**

The CBA will be asked to consider and adopt positions on whether to accept or reject (including in whole or in part) any public comments received and to adopt proposed amendments to CBA Regulations section 70.

### **Background**

#### Overview of Proposed Regulatory Changes

The CBA is currently operating with a structural imbalance with authorized expenditures exceeding projected revenues.

The structural imbalance is reducing the fund balance reserve<sup>1</sup> and creating insufficient resources to enable the CBA to carry out its consumer protection mandate in future years. The proposed regulations will increase specified fee levels to narrow the structural imbalance between revenues and expenditures and provide for a prudent fund balance reserve in the near future.

---

<sup>1</sup> An amount of a fund balance set aside for economic uncertainties, unanticipated enforcement costs and pending salary or price increase appropriations.

## **Discussion and Possible Action to Amend Title 16, California Code of Regulations**

### **Section 70 – Fees**

Page 2 of 5

The proposed amendment would increase the fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or certified public accountant to the statutory maximum of \$280.

The proposed amendment would also increase the fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant to the statutory maximum of \$280.

Further amendments are non-substantive to clean-up existing regulatory language in Section 70.

#### Rulemaking Process

California requires that a state agency follow the Administrative Procedure Act (APA) (Government Code section 11340 *et. seq.*) when adopting a regulation. This is commonly referred to as the rulemaking process.

The Legislature created and entrusted the Office of Administrative Law (OAL) with ensuring that a state agency complies with the rulemaking procedures and standards required by the APA. The rulemaking process provides:

- The public a meaningful opportunity to participate, and
- Ensures that the state agency creates an adequate record for OAL and judicial review.

Provided OAL determines that a state agency has satisfied the basic requirements of the APA, it will approve the regulation(s). Regulations properly adopted through the APA and approved by OAL have the same force as law.

There are several steps that make up the rulemaking process, many of which are time sensitive. Additionally, for the CBA, there are various state agencies that must review and sign off on various stages for any regulations the CBA seeks to adopt or amend.<sup>2</sup>

One of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of a regulation. One of the steps included in the APA is that a state agency must file a Notice of Proposed Action (Notice) with the OAL. The Notice contains various information regarding the purpose and nature of the proposed regulation. It also has important information for the public, including:

- Deadlines for submitting comments,
- Date, time, and location of a public hearing,

---

<sup>2</sup> Department of Consumer Affairs, Business, Consumer Services and Housing Agency, and Department of Finance

## Discussion and Possible Action to Amend Title 16, California Code of Regulations

### Section 70 – Fees

Page 3 of 5

- Where to locate and obtain copies of supporting information for the proposed regulation, and
- Point of contact for the state agency.

Once the Notice is filed, OAL will publish the Notice in its weekly publication *The California Regulatory Notice Register*. The publication of the Notice in *The California Regulatory Notice Register* begins the required 45-day written public comment period. During this period, individuals of the public may submit written comments regarding the proposed rulemaking. According to OAL:

Effective comments are based on an understanding of the statutes and factual material the agency relies on in proposing the regulation, on an understanding of what the proposed regulation is intended to do, and on an understanding of the standards the regulation must satisfy. Comments should be directed at the proposed regulation provisions and/or procedures followed by the agency in proposing the regulations. One of the primary purposes of providing the opportunity for public comment is to allow interested persons to present ways of improving the regulations.

The CBA filed the necessary documents with OAL to allow the 45-day public comment period to occur, which concluded on August 17, 2021. The CBA conducted the public hearing at its office on August 18, 2021.

### Comments

As part of the rulemaking process, the CBA will now need to consider any public comments and whether to amend and adopt the proposed regulatory text. To assist the CBA in evaluating public comments received during the public comment phase of the rulemaking process, staff have attached the following documents:

- Notice of Proposed Action (**Attachment 1**)
- Proposed Regulatory Text (**Attachment 2**)
- Initial Statement of Reasons (**Attachment 3**)

OAL published the Notice of Proposed Action in the *California Regulatory Notice Register*, while staff posted all three documents to its website noting proposed regulatory action.

### Consideration of Public Comments

As part of the completion of the rulemaking activities, the CBA must address all public comments (written or oral) by either accepting or rejecting the comments. The CBA must include the responses to the comments in the Final Statement of Reasons (FSOR), which is included in the completed rulemaking materials for OAL's consideration in the approval/disapproval of the rulemaking file.

During the 45-day public comment period, the CBA received one written comment, which is provided below:

## Discussion and Possible Action to Amend Title 16, California Code of Regulations

### Section 70 – Fees

Page 4 of 5

“I am fully retired individual, age 71, and volunteer my services to non-profits, such as senior centers, VITA which provides income tax assistance for low-income individuals, etc. My active CPA certification adds credibility to my ability to provide these services, much more so than a retired CPA status.”

“I propose maintaining the fee for renewal of a permit to practice as a certified public accountant at \$120 for retired seniors not practicing accounting for a fee or salary. For simplicity, I suggest that "retired seniors" be limited to the normal Social Security retirement age - this will retain the normal fee for (a) CPAs under that age who wish to maintain their current license status but are not employed in an accounting field and (b) CPAs over that age who continue to practice public accounting for a fee or salary.”

The staff proposed response to this comment, that will be included in the FSOR, is referenced below:

*The CBA rejects this comment based on the following:*

*The comment is arguably asking for the creation of a separate fee category – a “renewal for ‘retired seniors not practicing accounting for a fee or salary.’” The category, per the suggestion, would be based on Social Security retirement age etc. The comment made is not directly related to this rulemaking and is regarding the establishment of a fee for a license status category that does not exist. Further, the CBA lacks the statutory authority to consider such a fee category under this or any other rulemaking proposal.*

#### Adoption of Proposed Regulatory Text

The CBA has two options for a motion to adopt the proposed changes to CBA Regulations section 70.

*Option 1: If no additional changes are to be made after consideration of any public comment, the following motion is suggested:*

- Adopt the staff recommended response for the comment regarding the proposed regulatory text,
- Adopt the regulatory text in Title 16, California Code of Regulations section 70,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

*Option 2: If substantive changes are to be made after review and acceptance in whole or in part of any public comments, the following motion is suggested:*

## **Discussion and Possible Action to Amend Title 16, California Code of Regulations**

### **Section 70 – Fees**

Page 5 of 5

- Adopt the staff recommended response for the comment regarding the proposed regulatory text,
- Approve the modified regulatory text to Title 16, California Code of Regulations section 70, including sending out the modified text for an additional 15-day comment period,
- If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as described in the modified notice; and
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL.

### **Fiscal/Economic Impact Considerations**

The fiscal and economic impact is detailed in the Notice, Initial Statement of Reasons, and the Fiscal and Economic Impact Statement (Std. 399) which are all included as part of this rulemaking package.

### **Recommendation**

#### Adoption of Proposed Regulatory Text

Staff recommend that the CBA adopt the motion identified in *Option 1*, as follows:

- Adopt the staff recommended response for the comment regarding the proposed regulatory text,
- Adopt the regulatory text in Title 16, California Code of Regulations section 70,
- Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of the Department of Consumer Affairs; the Business, Consumer Services, and Housing Agency; and OAL, and
- Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

### **Attachments**

1. Notice of Proposed Action
2. Proposed Regulatory Text
3. Initial Statement of Reasons



**STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY  
NOTICE OF PROPOSED REGULATORY ACTION CONCERNING:  
FEES**

**TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY**

**NOTICE IS HEREBY GIVEN** that the California Board of Accountancy (CBA or Board) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at:

**California Board of Accountancy  
2450 Venture Oaks Way, Suite 420  
Sacramento, CA 95833  
10:30 a.m.  
August 18, 2021**

Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than **5:00 p.m. on August 17, 2021**, or must be received by the CBA at the hearing on August 18, 2021. The CBA, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by sections 5010 and 5134 of the Business and Professions Code<sup>1</sup> (BPC or Code), and to implement, interpret or make specific section 5134 of the Code, the CBA is considering changes to Section 70 of Article 10, Division 1 of Title 16 of the California Code of Regulations<sup>2</sup> (CCR) as described herein.

**INFORMATIVE DIGEST**

**A. Informative Digest**

The California Board of Accountancy is a licensing board within the Department of Consumer Affairs. Section 5010 authorizes the board to adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act. The CBA proposes to

---

<sup>1</sup> Unless otherwise specified, all sections refer to the Business and Professions Code.

<sup>2</sup> Unless otherwise specified, all California Code of Regulations Sections refer to title 16.

increase the fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant, and the fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or certified public accountant described in Section 70(d) and 70(e) of the CCR and clean-up existing regulation language.

Existing law establishes the CBA's required and permissible fee schedule. Section 5134 sets forth the fees, including the limits, the CBA is required to charge applicants and licensees, and requires that any fee increase be pursuant to regulation duly adopted by the board. Section 5130 requires the CBA to charge and collect a fee from each applicant for a certified public accountant (CPA) certificate. Pursuant to Section 5134(j), the initial permit fee is the same amount as the renewal fee in effect on the last regular license renewal date before the date the permit is issued, unless the permit is issued one year or less before it will expire; if the permit is issued one year or less before it will expire, the initial permit fee is fifty percent (50%) of the renewal fee on the last regular renewal date before the date on which the permit is issued.

Prior law, Section 5134(f), provided that until December 31, 2019, the biennial renewal fee of each of the permits to engage in the practice of public accountancy was a maximum of \$250. Pursuant to the provisions of AB 1521 (2019-2020, Low) effective January 1, 2020, the biennial renewal fee of each of the permits to engage in the practice of public accountancy shall be a minimum of \$250 and a maximum of \$280.

Existing regulation, Section 70(d) provides that the initial permit fee and renewal fees for a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant are \$120 each, respectively. Although the regulation specifies the \$120 fee level, BPC 5134 was amended and established a minimum fee level of \$250 effective January 1, 2020. BPC 5134 also set a statutory maximum level of \$280.

The CBA proposes to increase the fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant to the statutory maximum of \$280 and align the regulations to reflect this increase as described in 16 CCR Section 70(d) from \$120 to \$280.

The CBA proposes to increase the fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or certified public accountant to the statutory maximum of \$280 and align the regulations to reflect this increase as described in 16 CCR Section 70(e) from \$120 to \$280.

As noted above, the CBA intends to clean up existing regulation language specifying the effective date of fees, specifically the reference to July 1, 2016. Also removed is a now-obsolete reporting subsection that required the Board to issue a report regarding the appropriate level of fees by July 1, 2016.

## **B. Policy Statement Overview/Anticipated Benefits of Proposal**

In accordance with Section 5000.1, the CBA's highest priority is protection of the public in exercising its licensing, regulatory, and disciplinary functions. The CBA is a self-

supporting, special fund agency that generates its revenues from fees authorized by the Legislature. In order to continue performing these functions essential to protecting consumers, the CBA must ensure it maintains a healthy fund balance by generating sufficient revenue.

This regulatory proposal to increase initial permit and renewal fees would benefit consumers by helping to ensure the CBA has sufficient resources to protect consumers from unqualified and/or unscrupulous individuals and/or firms providing public accountancy services. Further, this proposal would ensure that the CBA has sufficient resources to fund unanticipated enforcement and litigation activities pursuant to Section 5025.2, weather enforcement cases against large accountancy firms and/or extensive and prolonged appeals, update and modernize its database, and remain financially solvent.

C. Consistency and Compatibility with Existing State Regulations

During the process of developing these regulations and amendments, the CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

**FISCAL IMPACT ESTIMATES**

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The CBA indicates because the fees are already being assessed and the proposed regulations only increase the fee amount levels, no additional workload or costs are anticipated.

The Board estimates the proposed regulations will increase revenues by approximately \$1.53 million per year, narrow the structural imbalance between revenues and expenditures, and provide for a prudent fund balance reserve in the near future.

Nondiscretionary Costs/Savings to Local Agencies:

If local agencies employ CPAs and covers the associated costs of license renewal, there may be a fiscal impact.

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The CBA has made an initial determination that the proposed amendment may have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other

states; specifically, public accountancy firms and individuals practicing public accountancy. The CBA has considered proposed alternatives that would lessen any adverse economic impact on business and invites you to submit proposals. Submissions may include the following considerations:

- (A) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- (B) Consolidation or simplification of compliance and reporting requirements for businesses.
- (C) The use of performance standards rather than prescriptive standards.
- (D) Exemption or partial exemption from the regulatory requirements for businesses.

The following types of businesses would be affected:

- (A) Public accountancy firms
- (B) Individual certified public accountants operating as sole proprietors

The following reporting, recordkeeping or other compliance requirements are projected to result from the proposed action:

- (A) None

#### Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the CBA are an increase of the initial licensing fee and the biennial renewal fee in the amount of \$30 each, respectively, and an increase of \$15 in the delinquency fee if an individual or firm is delinquent in the payment of the renewal fee.

Although the regulation specifies a \$120 fee level, BPC 5134 was amended and effective January 1, 2020, established a minimum fee level of \$250 and a statutory maximum level of \$280. The \$30 increase is reflective of what is being assessed now (\$250) and what is proposed to be assessed (\$280).

Effect on Housing Costs: None

### **EFFECT ON SMALL BUSINESS**

The CBA has determined that the proposed regulations may affect small

businesses as the proposal would increase the initial licensing fee and the biennial renewal fee in the amount of \$30 each, respectively, and increase the delinquency fee in the amount of \$15 if an individual or firm is delinquent in the payment of the renewal fee.

Although the regulation specifies a \$120 fee level, BPC 5134 was amended and effective January 1, 2020, established a minimum fee level of \$250 and a statutory maximum level of \$280. The \$30 increase is reflective of what is being assessed now (\$250) and what is proposed to be assessed (\$280).

## **RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:**

### **Impact on Jobs/Businesses:**

The CBA has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California. This is because this regulation increases license fees by \$15 per year, which is an amount not significant enough given the industry licensed to materially impact the creation, expansion, or elimination of jobs or businesses.

### **Benefits of Regulation to health and welfare of California residents:**

This proposal would ensure continued consumer protection per the CBA's mandate by stabilizing the CBA's reserve fund so it has the financial resources to continue to prosecute unqualified and/or unscrupulous individuals and/or firms providing public accountancy services, fund unanticipated enforcement and litigation activities pursuant to Section 5025.2, whether enforcement cases against large accountancy firms and/or extensive and prolonged appeals, and remain financially solvent.

### **Benefits of Regulation to worker safety and the state's environment:**

None.

## **CONSIDERATION OF ALTERNATIVES**

The CBA must determine that no reasonable alternative it considered to the proposal or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may submit comments to the CBA in writing relevant to the above determinations at 2450 Venture Oaks Way, Suite 300, Sacramento, California, 95833 and/or present such statements or arguments orally or in writing at the above-mentioned hearing.

## **INITIAL STATEMENT OF REASONS AND INFORMATION**

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

## **TEXT OF PROPOSAL**

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the CBA at 2450 Venture Oaks Way, Suite 300, Sacramento, California, 95833.

## **AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE**

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

## **CONTACT PERSON**

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Christy Abate  
Address: 2450 Venture Oaks Way  
Suite 300  
Sacramento, CA 95833  
Telephone No.: (916) 561-1715  
Fax No.: (916) 263-3678  
E-Mail Address: [christy.abate@cba.ca.gov](mailto:christy.abate@cba.ca.gov)

The backup contact person is:

Name: Kim Koski  
Address: 2450 Venture Oaks Way  
Suite 300  
Sacramento, CA 95833  
Telephone No.: (916) 561-4370  
Fax No.: (916) 263-3674  
E-Mail Address: [kim.koski@cba.ca.gov](mailto:kim.koski@cba.ca.gov)

Website Access: Materials regarding this proposal can be found at  
<https://www.cba.ca.gov>.



California Board of Accountancy  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: www.cba.ca.gov



## Proposed Regulatory Language – CBA Regulations Section 70

**Legend:** Added text is indicated with an underline.  
Deleted text is indicated by ~~strikeout~~.

### **Fees § 70. Fees.**

(a) ~~Commencing July 1, 2016, t~~The application fee for the computer-based Uniform Certified Public Accountant Examination shall be \$100 for issuance of the Authorization to Test to first-time applicants and \$50 for issuance of the Authorization to Test to repeat applicants.

(b) ~~Commencing July 1, 2016, t~~The application fee for issuance of a certified public accountant certificate shall be \$250.

(c) ~~Commencing July 1, 2016, t~~The application fee for registration as a partnership or as a corporation, including registration under a new name as a partnership or as a corporation, shall be \$150.

(d) ~~Commencing July 1, 2016, t~~The fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be ~~\$120~~\$280.

(e) ~~For licenses expiring after June 30, 2016, t~~The fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be ~~\$120~~\$280.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) The fee for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) The fee for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.





California Board of Accountancy  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



(3) This subsection shall be inoperative until January 1, 2019.

(i)(1) The fee to be charged a licensee for submission of an application for a license in a retired status pursuant to Section 15.1 shall be \$75.

(2) The fee to restore a license from a retired status to an active status shall be \$50.

~~(j) By May 31, 2015, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately three months of estimated annual authorized expenditures. If the Board determines that fees of less than \$120 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2016.~~

Note: Authority cited: Sections 5010 and 5134, Business and Professions Code.  
Reference: Sections 122, 163, 5070.1, 5096, 5130, 5131, and 5134 Business and Professions Code.



## CALIFORNIA BOARD OF ACCOUNTANCY

## INITIAL STATEMENT OF REASONS

Hearing Date: August 18, 2021

Subject Matter of Proposed Regulations: Fees

Section Affected: Section 70 of Article 10, Division 1 of title 16 of the California Code of Regulations<sup>1</sup>

The California Board of Accountancy (CBA) is mandated, pursuant to Business and Professions Code (BPC) section 5000.1, to ensure that the protection of the public is its highest priority in exercising its licensing, regulatory, and disciplinary authority. In achieving this mandate, the CBA regulates the accounting profession for the protection of the public. The CBA currently regulates over 108,000 licensees, including individual Certified Public Accountants/Public Accountants (CPAs/PAs), accountancy partnerships and accountancy corporations.

Pursuant to BPC section 5010, the CBA may adopt, repeal, or amend such regulations as may be reasonably necessary and expedient for the orderly conduct of its affairs and for the administration of the Accountancy Act.

**Specific Purpose of each adoption, amendment, or repeal:**Problem being addressed

The California Board of Accountancy (CBA) is currently operating with a structural imbalance with authorized expenditures greater than projected revenues. CBA license fee and other revenues are deposited into the Accountancy Fund (Fund) to be made available to the CBA upon appropriation by the Legislature.

The structural imbalance is reducing the fund balance reserve and creating insufficient resources to enable the CBA to carry out its consumer protection mandate. The proposed regulations will increase specified fee levels to narrow the structural imbalance between revenues and expenditures and provide for a prudent fund balance reserve in the near future.

As the below table reflects, the CBA's reserve is decreasing in future years and revenues are not adequately addressing expenditures. Specifically, expenditures are outpacing revenues by approximately \$1 million per year.

---

<sup>1</sup> Unless otherwise specified, all California Code of Regulations sections refer to title 16.

# 0704 - California Board of Accountancy

## Analysis of Fund Condition

(Dollars in Thousands)

Prepared 18/2021

### 2021-22 Governor's Budget (with fee increase effective 1/1/2022)

	PY 2019-20	CY 2020-21	Governor's Budget BY 2021-22	BY+1 2022-23	BY+2 2022-23	BY+3 2022-23
<b>BEGINNING BALANCE</b>	\$ 24,201	\$ 20,816	\$ 10,160	\$ 9,034	\$ 8,123	\$ 5,135
Prior Year Adjustment:	\$ -218	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 23,983	\$ 20,816	\$ 10,160	\$ 9,034	\$ 8,123	\$ 5,135
<b>REVENUES AND TRANSFERS</b>						
Revenues:						
4129200 Other regulatory fees	\$ 540	\$ 258	\$ 266	\$ 266	\$ 266	\$ 266
4129400 Other regulatory licenses and permits	\$ 3,848	\$ 4,456	\$ 4,589	\$ 4,589	\$ 4,589	\$ 4,589
Other regulatory licenses and permits increase (effective 1/1/22)	\$ -	\$ -	\$ 48	\$ 95	\$ 95	\$ 95
4127400 Renewal fees	\$ 7,690	\$ 11,263	\$ 11,601	\$ 11,601	\$ 11,601	\$ 11,601
Renewal fees increase (effective 1/1/22)	\$ -	\$ -	\$ 888	\$ 1,376	\$ 1,376	\$ 1,376
4121200 Delinquent fees	\$ 157	\$ 431	\$ 444	\$ 444	\$ 444	\$ 444
Delinquent fees increase (effective 1/1/22)	\$ -	\$ -	\$ 31	\$ 61	\$ 61	\$ 61
4163000 Income from surplus money investments	\$ 431	\$ 56	\$ 56	\$ 24	\$ 20	\$ 9
4171400 Escheat of unclaimed checks and warrants	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ -
4172500 Miscellaneous revenues	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -
4173000 Penalty Assessments	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 12,680	\$ 16,476	\$ 17,722	\$ 18,456	\$ 18,452	\$ 18,441
Transfers to Other Funds						
Loan from the Accountancy Fund (0704) to the General Fund (0001) per Item 1111-011-0704, Budget Act of 2020	\$ -	\$ -10,000	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 12,680	\$ 6,476	\$ 17,722	\$ 18,456	\$ 18,452	\$ 18,441
Totals, Resources	\$ 36,663	\$ 27,292	\$ 27,882	\$ 27,490	\$ 26,575	\$ 23,576
<b>EXPENDITURES</b>						
Disbursements:						
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 14,707	\$ 16,027	\$ 17,315	\$ 17,834	\$ 18,369	\$ 18,921
8880 Financial Information System for California (State Operations)	\$ -2	\$ -	\$ -	\$ -	\$ -	\$ -
9892 Supplemental Pension Payments (State Operations)	\$ 390	\$ 390	\$ 390	\$ 390	\$ 390	\$ 390
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 752	\$ 715	\$ 1,143	\$ 1,143	\$ 1,143	\$ 1,143
Total Disbursements	\$ 15,847	\$ 17,132	\$ 18,848	\$ 19,367	\$ 19,902	\$ 20,454
<b>FUND BALANCE</b>						
Reserve for economic uncertainties:	\$ 20,816	\$ 10,160	\$ 9,034	\$ 8,123	\$ 6,672	\$ 3,123
<b>Months in Reserve</b>	14.6	6.5	5.6	4.9	3.9	1.8

#### NOTES:

- ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.
- ASSUMES APPROPRIATION GROWTH OF 3% PER YEAR IN BY+1 AND ON-GOING.
- ASSUMES INTEREST RATE OF 1.5%

## Anticipated benefits from this regulatory action

The proposed revisions will increase fee levels to their statutory cap and are anticipated to generate approximately \$1.53 million annually. A description of the additional revenue is described on page 8.

The CBA will continue fulfilling its mandate to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. As the CBA is a self-supporting, special fund agency that generates its revenues from fees authorized by the Legislature, this proposal would help to ensure the CBA has sufficient financial resources to protect consumers from unqualified and/or unscrupulous individuals and/or firms providing public accountancy services, fund unanticipated enforcement and litigation activities pursuant to Business and Professions Code<sup>2</sup> section 5025.2, weather enforcement cases against large accountancy firms and/or extensive and prolonged appeals, and remain financially solvent.

<sup>2</sup> Unless otherwise specified, all code sections refer to the Business and Professions Code.

## Specific Purpose/Factual Basis/Rationale

The CBA proposes to amend California Code of Regulations (CCR) Section 70 to increase the fee for an initial permit to practice public accountancy as a partnership, a corporation, or a certified public accountant (CPA), and the fee for renewal of a permit to practice as a partnership, a corporation, a public accountant, or certified public accountant. Further, the CBA proposes to clean-up existing regulatory language in Section 70. The proposed revisions will increase fee levels to their statutory cap and are anticipated to generate approximately \$1.53 million annually.

The CBA proposes the following amendments:

### Section 70(a)

1. Delete “Commencing July 1, 2016.” This change is necessary to remove language that is no longer necessary to distinguish the fees by when the application was completed. The revisions to this subdivision in 2020 deleted fees for other date ranges.

### Section 70(b)

1. Delete “Commencing July 1, 2016.” This change is necessary to remove language that is no longer necessary to distinguish the fees by when the application was completed. The revisions to this subdivision in 2020 deleted fees for other date ranges.

### Section 70(c)

1. Delete “Commencing July 1, 2016.” This change is necessary to remove language that is no longer necessary to distinguish the fees by when the application was completed. The revisions to this subdivision in 2020 deleted fees for other date ranges.

### Section 70(d)

1. Delete “Commencing July 1, 2016.” This change is necessary to remove language that is no longer necessary to distinguish the fees by when the application was completed. The revisions to this subdivision in 2020 deleted fees for other date ranges.
2. Change the fee for the initial permit to practice as a partnership, a corporation, or a certified public accountant from \$120 to \$280. Pursuant to BPC section 5134(j), the initial permit fee shall be an amount equal to the license renewal fee.

### Section 70(e)

1. Delete “For licenses expiring after June 30, 2016.” This change is necessary to remove language that is no longer necessary to distinguish the fees by date. The revisions to this subdivision in 2020 deleted fees for other date ranges.
2. Change the fee for renewal of a permit to practice as a partnership, a

corporation, a public accountant, or a certified public accountant from \$120 to \$280.

Effective January 1, 2020, pursuant to the provisions of Chapter 359, Statutes of 2019 (AB 1521), the CBA's license renewal fee must be at least \$250, but not more than \$280. Prior to this change, the statute merely set a maximum fee level, which was not to exceed \$250. There was no prior minimum fee level.

The CBA is proposing to increase the initial permit and renewal fees to \$280 as this is the maximum amount allowable under the current statutory authority. Even at the maximum level of \$280, expenditures continue to outpace revenues by approximately \$1 million per year. This level of negative annual cash flow is continuing to reduce the CBA's reserve level. The fund condition statement on page 2 identifies that the CBA's months in reserve will continue declining in future years. This projection does not take into account any extraordinary expenses that may occur as a result of fluctuating enforcement matters.

Additionally, although future budget expenditures are based on known and historical spending trends, they don't account for the changes in the following:

- Supplemental Pension payments
- Increases to Statewide Pro Rata payments
- Increases to DCA Pro Rata payments
- Increased employee compensation, benefits, and retirement costs
- Budget augmentations to address increased operating expenses, such as enforcement and examination costs, and additional permanent staff

Any of the above will increase the CBA's expenditures and further the separation between expenditures and revenues.

#### Section 70(j)

1. Delete (j). This change is necessary to remove outdated and therefore obsolete language referencing a review that has already occurred.

#### Section 70, Reference

1. Add Sections 5130 and 5131 to the References for Section 70. These additions are necessary as they establish justification for the CBA to charge a fee for the certificate of certified public accountant and an application fee, respectively.

#### Consumer Protection

Public protection is the highest priority for the CBA in exercising its licensing, regulatory, and disciplinary functions. This proposal protects consumers by increasing fees to ensure the CBA maintains sufficient financial resources to continue these functions essential to consumer protection.

Further, this proposal would ensure that the CBA has sufficient resources to fund

unanticipated enforcement and litigation activities pursuant to Section 5025.2, weather enforcement cases against large accountancy firms and/or extensive and prolonged appeals, update and modernize its database, and remain financially solvent.

## **Underlying Data**

Technical, theoretical or empirical studies, reports, or documents relied upon:

1. Minutes and meeting materials of the November 16, 2017 CBA meeting (Item III.A. – Review of the CBA Fund Condition and Consideration of Possible Fee Changes)
2. Minutes and meeting materials of the January 18, 2018 CBA Meeting (Item VIII.B. – Discussion and Possible Action to initiate a Rulemaking to Amend Title 16, California Code of Regulations Section 70 – Fees).
3. Minutes and meeting materials of the March 21, 2019 CBA meeting (Item III.A. – Review of the CBA Fund Condition, and Discussion of Possible Fee Changes)
4. Minutes and meeting materials of the May 16, 2019 CBA meeting (Item III.B. – Discussion and Possible Action to Make Changes to CBA Fee Levels)

## **Fiscal Impact Assessment**

The CBA indicates because the fees are already being assessed and the proposed regulations only increase the fee amount levels, no additional workload or costs are anticipated.

The Board estimates the proposed regulations will increase revenues by approximately \$1.53 million per year, narrow the structural imbalance between revenues and expenditures, and provide for a prudent fund balance reserve in the near future.

## **Business Impact**

This regulation may have a minimal adverse economic impact on businesses but is not anticipated to have a significant adverse economic impact on business. This initial determination is based on the following facts or evidence/documents/testimony.

- This proposal impacts individual certified public accountants (CPAs). These individuals would be required to pay the increased fee for their initial permit to practice as a CPA, the increased renewal fee, and the increased delinquency fee if they are delinquent in paying the renewal fee.

The CBA does not track how many of its licensees are working as sole practitioners or small businesses. This proposal impacts individual public accountants. These individuals would be required to pay the increased renewal fee and the increased delinquency fee if they are delinquent in paying the renewal fee. The CBA does not track how many of its licensees are working as sole practitioners or small businesses.

- This proposal impacts public accountancy firms. A large firm that pays for the licensing fees for all their CPAs over the course of their employment would incur greater costs than medium or small firms. Firms that pay the licensing fees for their CPAs would be required to pay the increased fee to practice as a CPA for their employees, the increased renewal fee, and the increased delinquency fee if the firm is delinquent in paying the renewal fee.

In fiscal year (FY) 2016-17 and FY 2017-18 (a two-year renewal cycle) the CBA renewed the CPA licenses of 4,390 corporations and partnerships, and 85,927 individual CPA licenses.

## **Economic Impact Assessment**

This regulatory proposal will have the following effects:

- It will not create jobs within the State of California because the regulation does not make any changes or provide for any new provisions that would affect the creation or elimination of jobs; however, this may eliminate jobs if individuals or firms need to scale back on employment to adjust to the fee increases.
- It will not create new businesses within the State of California because the regulation does not make any changes or provide for any new provisions that would result in the creation of new businesses; however, this may eliminate existing businesses if individuals or firms are unable to adjust to the fee increases.
- It may affect the expansion of businesses currently doing business within the State of California. The regulation would increase the cost of licensing fees, which may affect the expansion of public accountancy businesses.
- This regulatory proposal benefits the health and welfare of California residents because it will allow the CBA to meet its mandate to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.
- This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.
- This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

The proposed revisions will increase fee levels to their statutory cap and are anticipated to generate approximately \$1.53 million annually as follows:



Revenue Category	<u>Annual[1] Volume</u>	Current Fee Level	Proposed Fee Level	Increase Amount	Annual Revenue Increase
CPA/PA License Renewal	43,298	\$ 250	\$ 280	\$ 30	\$ 1,298,943
COR License Renewal	1,921	\$ 250	\$ 280	\$ 30	\$ 57,629
PAR License Renewal	649	\$ 250	\$ 280	\$ 30	\$ 19,467
<b>Total Annual Revenue Increase Renewal</b>					<b>\$ 1,376,039</b>

Revenue Category	Annual Volume	Current Fee Level	Proposed Fee Level	Increase Amount	Annual Revenue Increase
CPA/PA License Delinquent Renewal	3,853	\$ 125	\$ 140	\$ 15	\$ 57,798
COR License Delinquent Renewal	153	\$ 125	\$ 140	\$ 15	\$ 2,302
PAR License Delinquent Renewal	46	\$ 125	\$ 140	\$ 15	\$ 695
<b>Total Annual Revenue Increase Delinquent</b>					<b>\$ 60,796</b>

Revenue Category	Annual Volume	Current Fee Level	Proposed Fee Level	Increase Amount	Annual Revenue Increase
CPA Initial License	2,154	\$ 250	\$ 280	\$ 30	\$ 64,612
CPA Initial License (1/2)	1,276	\$ 125	\$ 140	\$ 15	\$ 19,143
COR Initial License	273	\$ 250	\$ 280	\$ 30	\$ 8,189
PAR Initial License	91	\$ 250	\$ 280	\$ 30	\$ 2,719
<b>Total Annual Revenue Increase Initial License</b>					<b>\$ 94,662</b>

**Total Annual Revenue Increase: \$ 1,531,497**

[\[1\] Volume based on Workload and Revenue Statistics for Fiscal Year 2020-21 and assumes a 3% growth rate.](#)

## Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

## Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The first alternative considered was to maintain the status quo. Maintaining the status quo would continue to steadily decrease the Accountancy Fund, ultimately resulting in insolvency and insufficient resources to fund unanticipated enforcement and litigation activities pursuant to Section 5025.2. The Legislature declared that without the sufficient expenditure authority to obtain the necessary additional resources for urgent litigation and enforcement matters, the CBA would be unable to adequately protect the public. (Section 5025.) The CBA rejected this alternative as it would have insufficient funds to continue meeting its consumer protection mandate.

This proposal ensures the CBA's ability to conserve its remaining funds, stabilize the Accountancy Fund to continue its licensing, regulatory, and disciplinary functions and continue to focus on its mission of consumer protection.





California Board of Accountancy

# ENFORCEMENT ACTIVITY REPORT

[www.cba.ca.gov](http://www.cba.ca.gov)

As of June 30, 2021

## COMPLAINTS RECEIVED

The California Board of Accountancy's (CBA) Enforcement Division receives complaints from both internal and external sources. Complaints received are issued complaint numbers and assigned a Complaint Type (CT) based on the initial matter identified. The CT may change as the case investigation proceeds and may result in multiple violations.

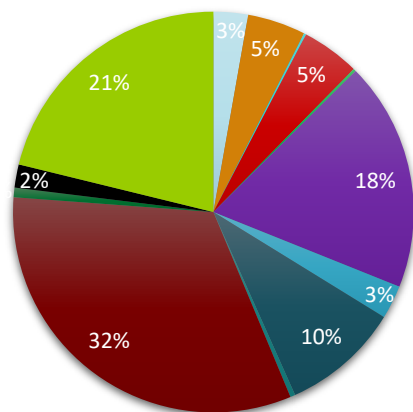
### Complaints/Records of Convictions Received

<b>FY 2020/21</b> (12 months of data)	<b>2,729 Received</b> <ul style="list-style-type: none"><li>– Internal 1,294</li><li>– External 1,435</li></ul>
<b>FY 2019/20</b>	<b>2,295 Received</b> <ul style="list-style-type: none"><li>– Internal 1,506</li><li>– External 789</li></ul>
<b>FY 2018/19</b>	<b>3,060 Received</b> <ul style="list-style-type: none"><li>– Internal 1,941</li><li>– External 1,119</li></ul>

- For fiscal year (FY) 2020/21, the CBA received 2,729 complaints. The total number of complaints received increased by 19% compared to the same period in FY 2019/20. Fifty-three percent of the complaints came from external sources.

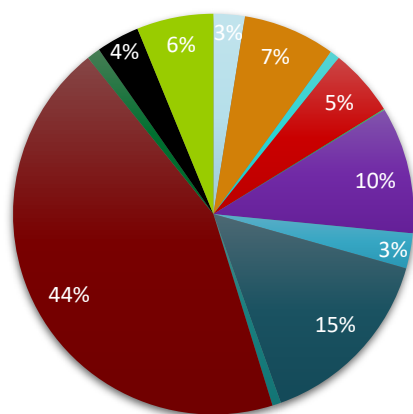
## COMPLAINT TYPES RECEIVED

### Fiscal Year 2020/2021



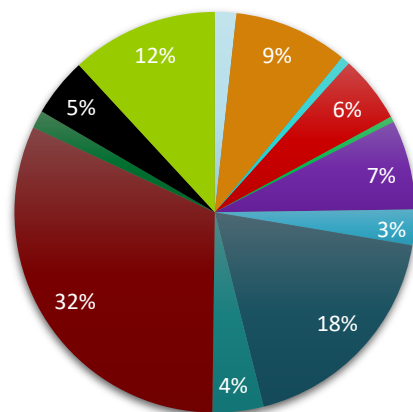
- Accountancy Licensee Database (76, 3%)
- Applications (128, 5%)
- Audit (5, >0%)
- Convictions and Subsequent Arrest (128, 5%)
- Employee Benefit Plan Audit (6, >0%)
- Other (505, 18%)
- PCAOB/SEC and Out-of-State (74, 3%)
- Peer Review Related (260, 10%)
- Practice Privilege (11, 0%)
- Renewal Deficiency (886, 32%)
- Reportable Events (21, 1%)
- Tax (51, 2%)
- Unlicensed Activity (578, 21%)

### Fiscal Year 2019/2020



- Accountancy Licensee Database (58, 3%)
- Applications (171, 7%)
- Audit (18, 1%)
- Convictions and Subsequent Arrest (125, 5%)
- Employee Benefit Plan Audit (2, >0%)
- Other (235, 10%)
- PCAOB/SEC and Out-of-State (65, 3%)
- Peer Review Related (348, 15%)
- Practice Privilege (16, 1%)
- Renewal Deficiency (1,010, 44%)
- Reportable Events (25, 1%)
- Tax (80, 4%)
- Unlicensed Activity (142, 6%)

### Fiscal Year 2018/2019



- Accountancy Licensee Database (53, 2%)
- Applications (282, 9%)
- Audit (22, 1%)
- Convictions and Subsequent Arrest (166, 6%)
- Employee Benefit Plan Audit (14, >0%)
- Other (221, 7%)
- PCAOB/SEC and Out-of-State (88, 3%)
- Peer Review Related (564, 18%)
- Practice Privilege (126, 4%)
- Renewal Deficiency (972, 32%)
- Reportable Events (44, 1%)
- Tax (145, 5%)
- Unlicensed Activity (363, 12%)

“Other” may include cases involving: Breach of Confidential Relationship, Advertising, Record Retention, and Fiscal Dishonesty. The volumes of these cases are low, and do not warrant individual categorization.

## INVESTIGATIONS

The number of complaints assigned for investigations and closed.

Investigations	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Investigations Assigned	3,060	2,295	2,729
Investigations Closed	3,688	2,199	2,692
Average Days to Close	127	82	113

- The average number of days to close slightly decreased from the last report, from 115 to 113.

Investigations Closed	FY 2020/21 12 months of data
Total Closed FY 2020/21	2,692
Closed within 0-6 Months	2,076
Closed within 6-12 Months	470
Closed within 12-18 Months	100
Closed within 18-21 Months	12
Closed within 21-24 Months	10
Closed >24 Months	24

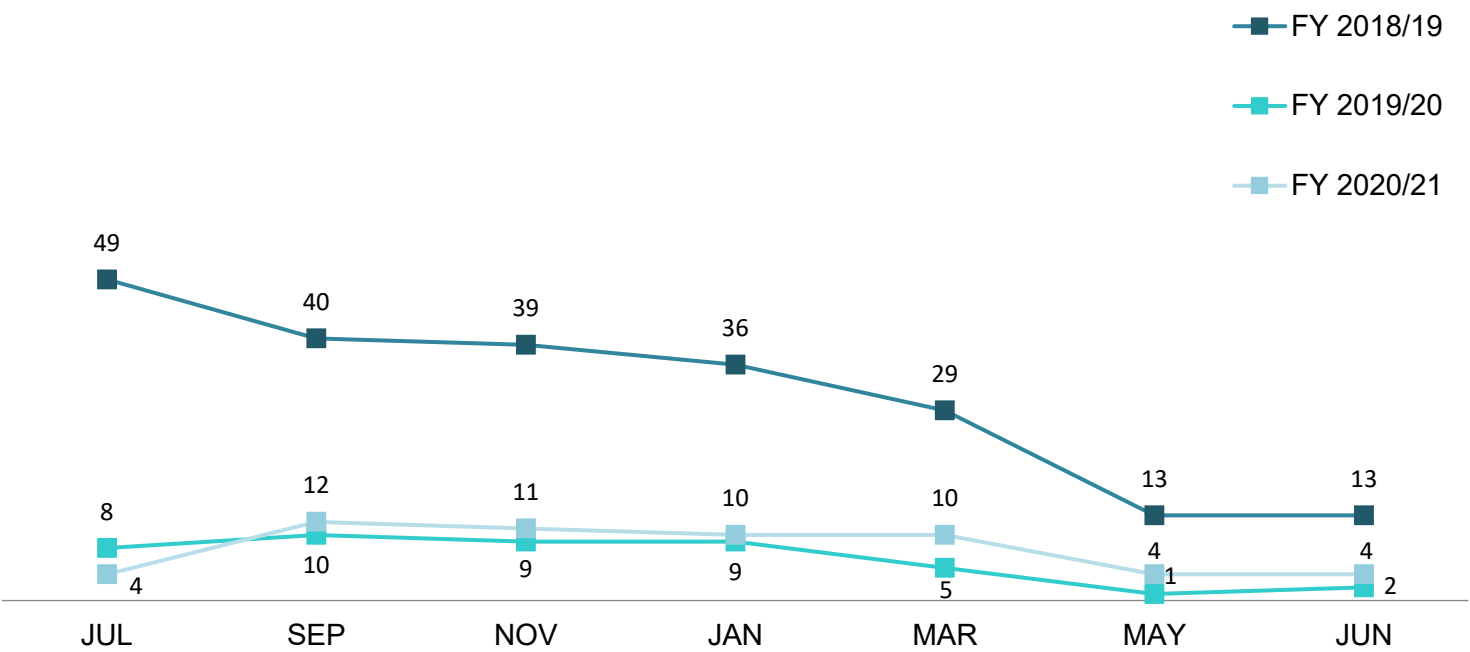
- Of the total 2,692 investigations closed in FY 2020/21, 2,076 or 77% were closed within six months from the initial complaint investigation date. Further, 2,546 investigations or 95% were closed within one year.

## INVESTIGATIONS PENDING

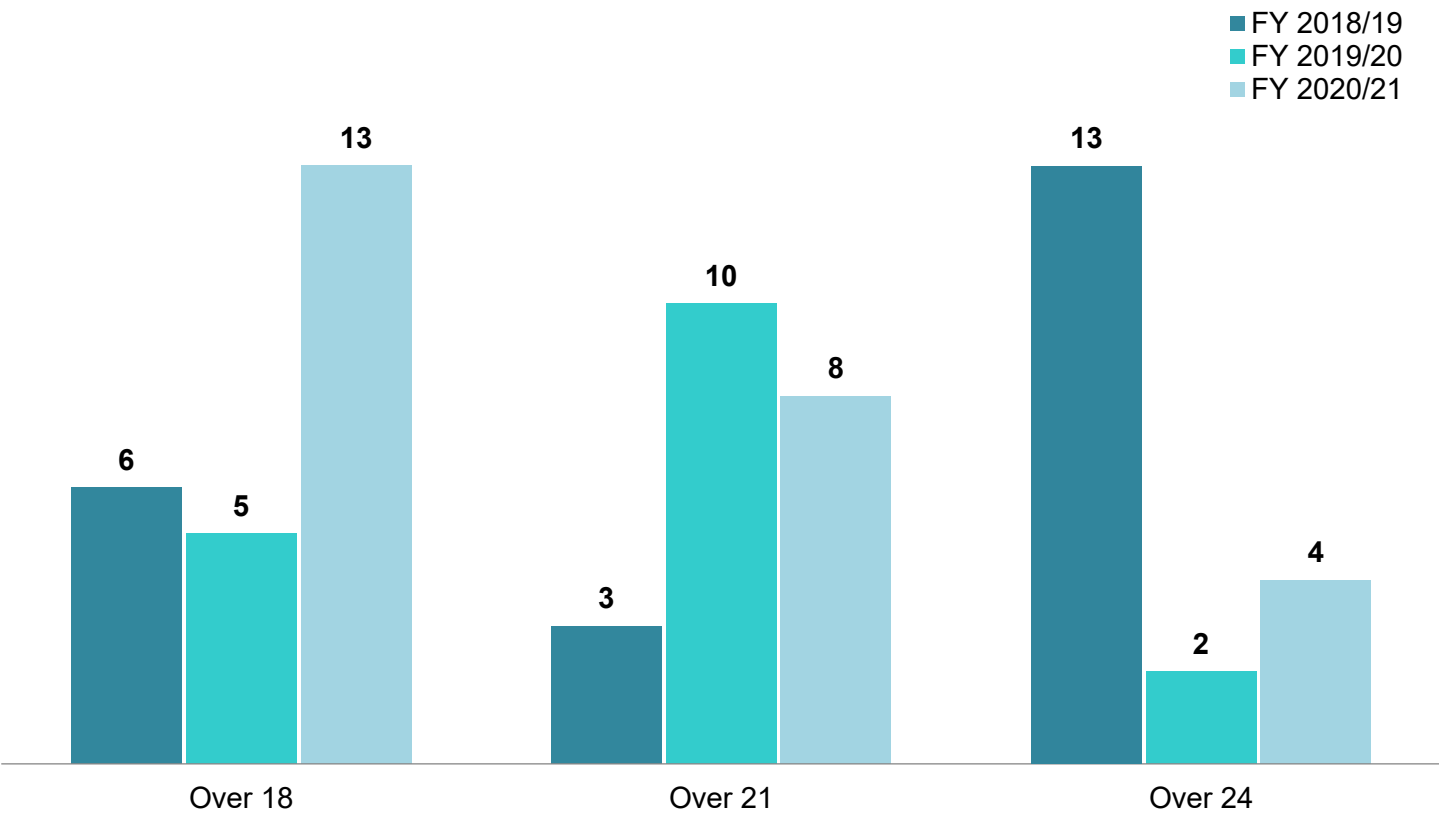
Investigations Pending	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Total Investigations Pending	550	684	779
0-6 Months	447	446	686
6-12 Months	64	189	56
12-18 Months	17	32	12
18-21 Months	6	5	13
21-24 Months	3	10	8
>24 Months	13	2	4
Average Age of Open Cases (days)	125	169	110

- Of the total 779 pending cases as of June 30, 2021 88% were less than six months old and approximately 95% were less than one year old.
- Staff worked diligently at the onset of the pandemic to handle the cases over 24 months. This focus created some cases in the 21-24 month category to age over 24 months. As a result, the number of cases over 24 months as of June 30, 2021 is four.
- Of the four investigations pending over 24 months, two investigations are ongoing and two investigative reports are currently being reviewed by management.

INVESTIGATIONS PENDING | OVER 24 MONTHS



INVESTIGATIONS PENDING | OVER 18, 21, and 24 MONTHS



## DISCIPLINE

As part of its mission of consumer protection, the CBA referred matters to the AG's Office for imposition of discipline.

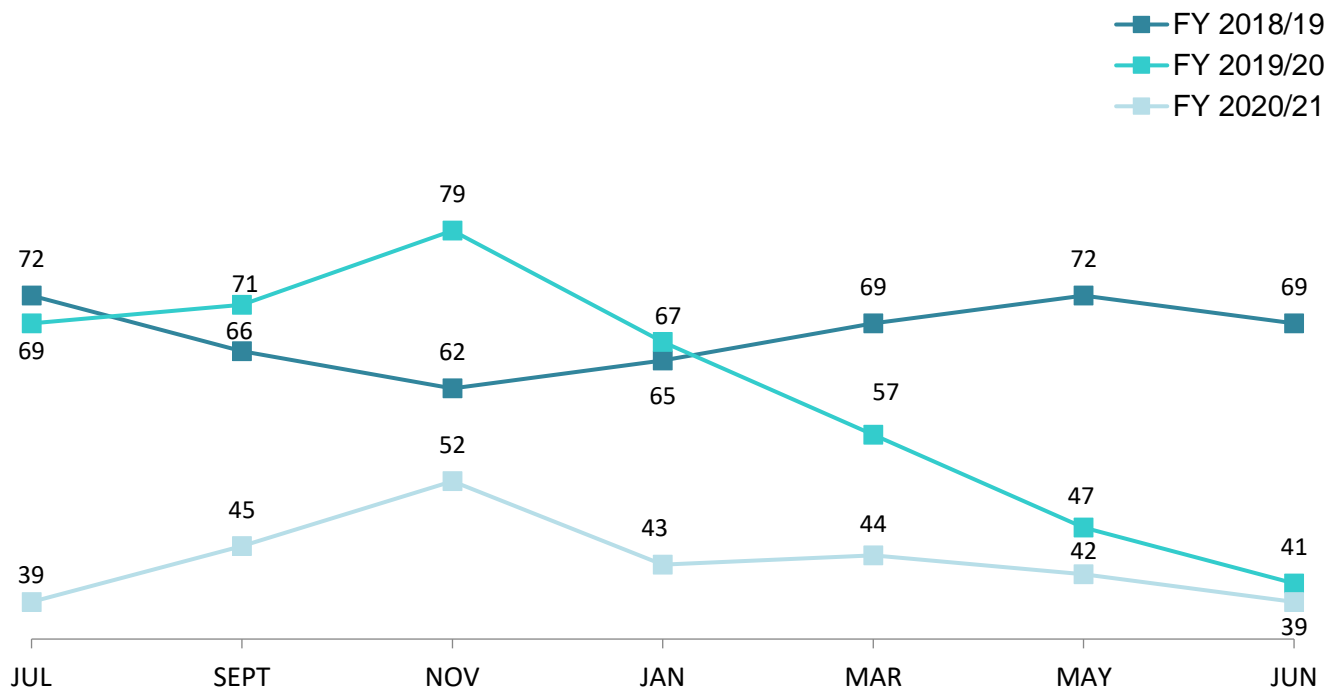
Discipline	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Attorney General Referrals	79	51	50
Accusations Filed	68	53	44
Statement of Issues Filed	1	1	2
Petitions for Revocation Filed	6	4	3

## DISCIPLINE | AGE of COMPLAINTS PENDING at ATTORNEY GENERAL'S OFFICE

Pending at AG	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
<i>Total Pending at AG's Office</i>	69	41	39
0-6 Months	37	12	18
6-12 Months	23	17	11
12-18 Months	3	8	8
18-21 Months	1	3	2
21-24 Months	2	0	0
>24 Months	3	1	0

- Of the 39 cases at the AG's Office approximately 74% are less than 12 months old.

## DISCIPLINE | COMPLAINTS PENDING AT ATTORNEY GENERAL'S OFFICE



- There are 39 complaints pending at the AG's Office. Staff work diligently to address aging disciplinary cases by actively monitoring for the filing of a Notice of Defense (NOD). If no NOD is received, staff request that the AG's Office prepare a default decision. When an NOD is received, staff work quickly to offer settlement terms and if a settlement cannot be reached, to set the matter for hearing.

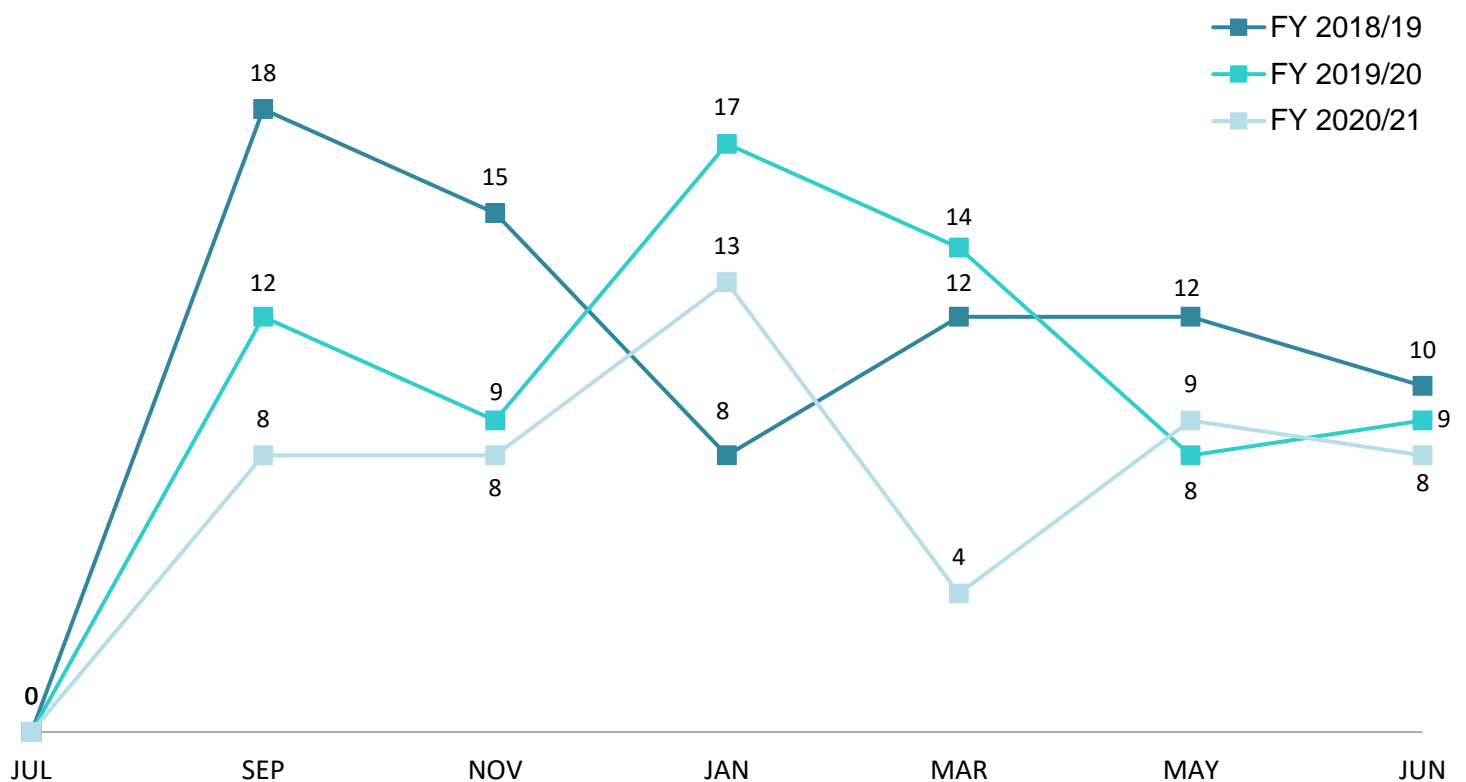


## DISCIPLINE | FINAL ORDERS

Disciplinary Actions	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Final Decision Orders	75	69	50
– <i>Stipulated Settlement</i>	48	57	34
– <i>Proposed Decision</i>	6	6	7
– <i>Default Decision</i>	21	6	9

- The CBA took action on 50 matters, the majority of which were through stipulated settlements.

## DISCIPLINE | FINAL ORDER TREND



## DISCIPLINE | COST ORDERS

Pursuant to Business and Professions Code section 5107, the Legislature authorizes the CBA to recover investigation and prosecution costs. These costs include the time spent by staff to conduct the investigation and the time spent by the AG's Office to prosecute each case.



- Cost Recovery ordered has amounted to 34% of total investigation and prosecution cost.

## COST RECOVERY

Cost Recovery	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Amount Ordered	\$321,110	\$630,538	\$188,838
– Number of Decisions	46	42	28
Amount Collected	\$315,253	\$227,756	\$219,496

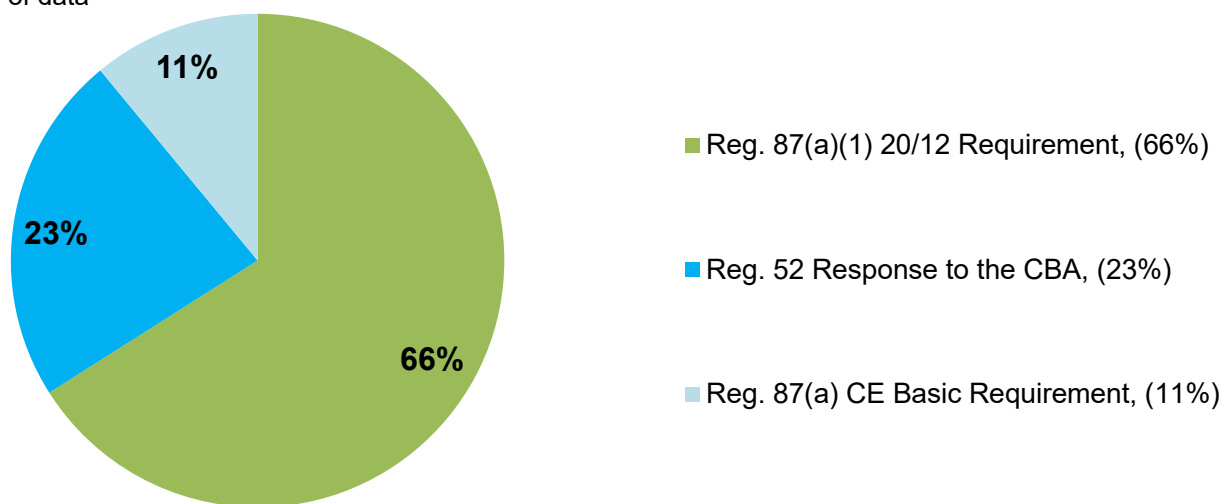
- Disciplinary cases resulting in ordered cost recovery are generally the result of a licensee placed on probation. Licensees typically pay cost recovery in monthly payments throughout the term of probation. Therefore, the costs are paid within a two to two-and-one-half year timeframe.
- The “Amount Collected” referenced above includes payments on cost recovery amounts ordered from both prior and current years. The “Amount Ordered” reflects only the amount ordered in FY 2020/21 and will never reconcile with the “Amount Collected.”

## CITATIONS AND FINES

Citations	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data
Total Citations Issued	517	174	376
Total Fines Assessed	\$155,950	\$49,275	\$117,800
Fine Average	\$302	\$286	\$313
Average Number of Days from Receipt of Complaint to Issuance of Citation	163	110	192

## CITATIONS AND FINES | FY 2020/21 TOP 3 VIOLATIONS

12 months of data



- The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation occurred.
- The average number of days from receipt of a complaint to issuance of a citation has slightly increased since the last report, from 191 to 192.

Citation and Fine Appeals and Outcomes	FY 2020/21
Citation and Fine Appeals Received	69
Citations Modified	3
Citations Withdrawn	59 <sup>1</sup>
Citations Affirmed/Upheld	15

- The number of outcomes (modified, withdrawn, affirmed/upheld) does not reconcile with the amount of citations and fine appeals received, as some appeals were received in the previous fiscal year, and the outcome did not occur until the present fiscal year.
- A citation may be withdrawn for reasons such as financial hardship, health-related matters, or submission of mitigating evidence demonstrating compliance.

---

<sup>1</sup> The citations withdrawn amount was adjusted to align with the data collected for the DCA annual report. The DCA annual report data counts each violation withdrawn. Therefore, citations with multiple violations are counted based on the number of violations, while the EAR data previously accounted for the number of citations withdrawn, not the individual violations withdrawn.

## UNLICENSED ACTIVITY

Complaints received and initially identified to be “Unlicensed” CTs have matters involving CPAs or firms operating with an expired license, individuals without a CPA license, or unregistered accounting firms.

Complaints Received	FY 2019/20	FY 2020/21 12 months of data
Internal	66	58
External	76	417
<b>Total</b>	<b>142</b>	<b>475</b>
Complaints Received	FY 2019/20	FY 2020/21 12 months of data
Practice without Permit	57	197
Individuals without a CPA License	41	224
Unregistered Firms	44	54
<b>Total</b>	<b>142</b>	<b>475</b>
Investigations	FY 2019/20	FY 2020/21 12 months of data
Investigations Pending	65	144
-Referred to Division of Investigation	10	2
<b>Total</b>	<b>75</b>	<b>146</b>
Outcomes	FY 2019/20	FY 2020/21 12 months of data
Citations Issued	11	17
Closed for Compliance	173	382
Referred to District Attorney / Local Law Enforcement	2	2
<b>Total</b>	<b>186</b>	<b>401</b>

- Complaints received within the “Practice without Permit” category include individual licensees practicing with an expired license.
- Complaints received within the “Individuals without a CPA license” category include individual non-licensees practicing without a license.
- Complaints received within the “Unregistered Firms” category includes firms practicing without a valid corporation or partnership license, or an individual practicing without a fictitious name permit.
- On June 7, 2021, the CBA launched the new online unlicensed complaint activity form. The CBA received seven complaints through this form between its launch date and the end of the fiscal year. Staff are working diligently to ensure that complainants are aware of the new unlicensed activity form.

## FRANCHISE TAX BOARD | INTERCEPT PROGRAM

In FY 2015/16 the CBA began using the Franchise Tax Board (FTB) Intercept Program in an effort to collect unpaid administrative fines associated with the issuance of citations. The initial collection amount submitted to the FTB was significant and the pool of unpaid administrative fines dated back to FY 2011/12.

Between FY 2015/16 and FY 2020/21, the CBA referred to FTB a total of \$365,500 of uncollected fees associated with the issuance of citations. By the end of FY 2020/21, the FTB retrieved \$83,081 of uncollected fees, resulting in a current balance of \$282,419 of uncollected fees.

FTB Intercept Program	FY 2018/19	FY 2019/20	FY 2020/21 12 months of data	BALANCE
Referred to FTB	\$21,050	\$18,500	\$14,300	\$365,500
Collected by FTB	\$7,480	\$4,872	\$250	\$83,081
Uncollected				\$282,419

## PROBATION MONITORING

Monitoring Activity	FY 2020/21
Number of Licensees on Probation as of Last Report	123
New Probationers Since the Last Report	3
Number of Probationers Off Probation	6
Total Number of Probationers	120
Out-of-State Probationers	14
Probation Orientations Held Since Last Report	1
Total Probation Orientations Completed	24
Number of Practice Investigations Completed	0
Number of Scheduled Probation Orientations to Occur	1
Number of Work Samples Reviewed in FY 2020/21	0
Referrals to Revoke Probation	0



**PROBATION MONITORING | VIOLATIONS DETECTED**

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected include:

Probation Violation(s) Types	Detected
Cost Reimbursement	21
Obey All Laws	1
Submit Written Quarterly Report	37
Active License Status	6
Restricted Practice	0
Regulatory Review Course	0
Peer Review	0
Continuing Education	11
Administrative Penalty	5
Violation of Citation	2
TOTAL	83

---

# CALIFORNIA BOARD OF ACCOUNTANCY LICENSING ACTIVITY REPORT

---

July 1, 2020–June 30, 2021

## Licensing Division Snapshot

Table 1: Applications Received in Fiscal Year 2020-21

Applications Received	Count
First Time Exam	6,074
Repeat Exam	15,633
CPA License	3,577
Accounting Firms	436 <sup>1</sup>
Renewal	48,641
<b>Total</b>	<b>74,361</b>

## Highlights

- Included in this report is the National Association of State Boards of Accountancy Uniform CPA Examination (CPA Exam) Performance Summary for the second testing quarter of 2021. There are two parts to each quarterly report: (1) a California-specific report and (2) an all jurisdiction report. (**Attachment**)

The data shows a 97% increase in the number of candidates testing in the second quarter of 2021 (4,845) compared to the same period in 2020 (2,455).

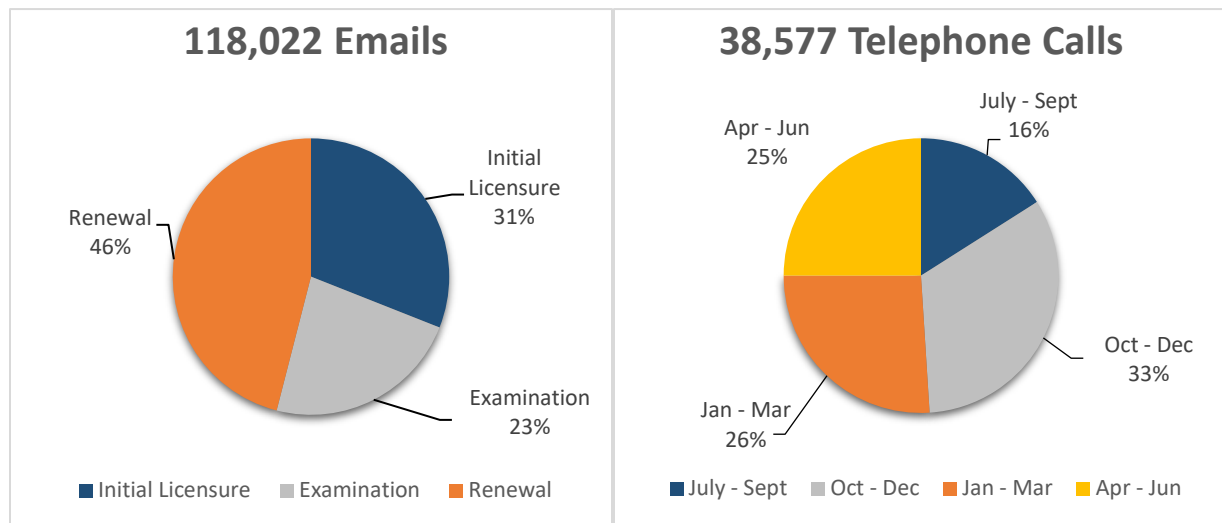
- The Department of Consumer Affairs issued a new continuing education (CE) extension waiver on July 26, 2021. The new waiver supersedes all previous waivers. All licenses expiring between March 2020 and September 30, 2021 have until January 31, 2022 to complete their CE requirements.

Licensees impacted by the CE extension must comply with the 80 hour CE requirement in their next renewal cycle with the exception of the first year 20 hour requirement. Licensees may use CE credits earned during the waiver extension period to satisfy their current or next renewal cycles provided the same CE credits are not used to satisfy both renewal cycles.

---

<sup>1</sup> The number of Accounting Firms reported on the July 2021 LAR was incorrectly calculated and reported as 525 and should have been 396. The fiscal year number takes the corrected number into its calculation.

## Stakeholder Inquiries



## Uniform CPA Examination Statistics

Table 2: CPA Exam Statistics by Fiscal Year

Approved to Test	2018-19	2019-20	2020-21
First-Time Sitter	6,927	5,211	6,183
Repeat Sitter	15,742	13,640	15,633
<b>Approved to Test</b>	<b>22,669</b>	<b>18,851</b>	<b>21,816</b>

- The Examination Unit is currently processing first-time CPA Exam applications within 11 days of receipt.<sup>2</sup>
- There are 487 first-time CPA Exam applications with a deficiency where additional documentation is required from the applicant to approve their application. Deficiencies may include, but are not limited to, a shortage of accounting units or not including the conferral date of a bachelor's degree.

<sup>2</sup> Processing is defined as an initial review of an application where applicants either receive an approval to test or a deficiency letter identifying any outstanding items

Table 3: First-time CPA Exam Statistics by Fiscal Year

Examination Request	2018-19	2019-20	2020-21
Received	6,595	5,989	6,074
<b>Approved to Test</b>	<b>6,927</b>	<b>5,211</b>	<b>6,183</b>

- For FY 2020/21, the total number of first-time applications received increased slightly over the prior fiscal year.
- For FY 2020/21, the total number of first-time applications approved has increased by 19% compared to FY 2019/20, from 5,211 to 6,183.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

## Initial Licensing Statistics

- The Initial Licensing Unit is processing initial CPA license applications and accounting firm applications within 11 days of receipt.<sup>3</sup>
- There are 758 initial CPA applications with a deficiency where additional documentation is required from the applicant to approve the application. Deficiencies may include, but are not limited to, shortage of education units, inaccurate information reflected on experience forms, fingerprint clearance results not received from Department of Justice, and incomplete applications.

Table 4: Initial CPA Licensure Statistics by Fiscal Year

Initial Licensure Application	2018-19	2019-20	2020-21
Received	3,628	3,269	3,577
<b>Approved</b>	<b>4,400</b>	<b>2,595</b>	<b>4,046</b>

- The total number of CPA applications received has increased by 9% compared to FY 2019-20, from 3,269 to 3,577.
- Since April 20, 2021, when the online application was introduced, online applications represent 86% of all applications submitted.

---

<sup>3</sup> Processing is defined as an initial review of an application and other licensure requirements to ensure all applicants meet all qualifications.

- The total number of CPA applications approved has increased by 57% compared to FY 2019-20, from 2,595 to 4,046.
- The number approved may be higher than received given applications received in the prior year may not be approved until the following fiscal year.

Table 5: Initial CPA License Approvals by Fiscal Year

License Type	2018-19	2019-20	2020-21
Attest Authority	1,132	659	1,255
General Authority	3,268	1,936	2,791
<b>Total Approved</b>	<b>4,400</b>	<b>2,595</b>	<b>4,046</b>

- For the two previous fiscal years, approximately 26% of the licenses approved were with attest authority. For FY 2020-21 it is approximately 31%.

Table 6: Initial Firm License Approvals by Fiscal Year

License Type	2018-19	2019-20	2020-21
Corporation	173	279	243
Partnership	48	66	60
Fictitious Name Permit	84	169	107
Out-of-State Firm	49	82	67
<b>Total Approved</b>	<b>354</b>	<b>596</b>	<b>477</b>

## License Renewal Statistics

Table 7: License Renewal Statistics by Fiscal Year

License Type	2018-19	2019-20	2020-21
CPA/PA	44,711	45,397	43,947
Accounting Firms	3,334	2,616	2,530
<b>Total Approved<sup>4</sup></b>	<b>48,045</b>	<b>48,013</b>	<b>46,477</b>

- The total number of renewals in FY 2020-21 is slightly less than the number of renewals for the prior fiscal years.

Table 8: License Renewal Application Reviews by Fiscal Year

Application Review Outcome	2018-19	2019-20	2020-21
Deficient/CE Waiver	2,491	2,457	3,238
No Deficiencies	27,088	50,633	18,753
<b>Total Reviewed<sup>5</sup></b>	<b>29,579</b>	<b>53,090</b>	<b>21,991</b>

- The 2020-21 applications reported as deficient/waiver are inclusive of both renewal deficiencies and COVID-19 CE extension waivers. To ensure that applicants using the COVID-19 CE waiver are kept open for processing, they are tracked in the system as “deficient/waiver” for record-keeping purposes only.

---

<sup>4</sup> Approved is defined as successful payment of the renewal fee.

<sup>5</sup> Staff examine CE worksheets for each CPA renewal to determine if the CE requirements were met.

Table 9: Deficient/Waiver Application Outcomes by Fiscal Year

Deficiency/Waiver Outcome	2018-19	2019-20	2020-21
Resolved	2,447	2,448	2,489
Outstanding	44	9	749
<b>Total</b>	<b>2,491</b>	<b>2,457</b>	<b>3,238</b>

- Of the 3,238 deficient/waiver applications identified, 2,489 have been resolved. A total of 749 remain outstanding inclusive of both renewal deficiencies and COVID-19 CE extension waivers. To ensure that applicants using the COVID-19 CE waiver are kept open for processing, they are tracked in the system as “deficient/waiver” for record-keeping purposes only.

Table 10: Reasons for Enforcement Referral

Enforcement Referrals	2020-21
20/12 <sup>6</sup> First Year	648
Non-Response – Deficiency Letter	89
Peer Review <sup>7</sup>	45
Other <sup>8</sup>	145
<b>Total</b>	<b>927</b>

<sup>6</sup> A failure to meet the CE requirement of completing at least 20 hours of CE each year of the renewal cycle with at least 12 of those 20 hours being in a technical subject matter.

<sup>7</sup> Peer Review Deficiencies include substandard peer reviews, failure to complete a peer review, or an outdated peer review.

<sup>8</sup> Other Enforcement Referrals include reporting a conviction or discipline, second year 20/12 violations, operating with an unlicensed firm, and discrepancies between the application and the peer review form regarding services performed.



- Over 70% of the referrals made by the Renewal and Continuing Competency Unit were for failure to complete the 20/12 CE requirement the first year of the license renewal cycle.

Table 11: Continuing Education Audits by Fiscal Year

Review Outcome	2018-19	2019-20	2020-21
Compliant	629	114	557
Pending	0	0	104
Deficient/CE Waiver	N/A <sup>9</sup>	N/A	67
Enforcement Referrals	N/A <sup>10</sup>	N/A	34
<b>Total Audits</b>	<b>629</b>	<b>114</b>	<b>762</b>

- After staff complete the license renewal application review process, for those licensees who documented completion of the 80-hour continuing education requirement, staff selected a random sample of these licensees to conduct the continuing education audits. If staff identified a deficiency and it was a deficiency that could be corrected (e.g. insufficient ethics hours, missing regulatory review course, etc.), staff notified the individual and provided them the COVID-19 waiver deadline to complete the outstanding continuing education. For those who failed to respond or who had a deficiency that could not be corrected (e.g. 20/12 violation), staff referred the matter to Enforcement.

<sup>9</sup> Deficient audits were not tracked prior to FY 2019-20.

<sup>10</sup> Enforcement referrals for audits were not tracked prior to FY 2019-20.

Table 12: Retired Status Applications by Fiscal Year

Status	2018-19	2019-20	2020-21
Applications Approved	420	395	669
Applications Denied <sup>11</sup>	16	8	35
<b>Total Received</b>	<b>436</b>	<b>403</b>	<b>704</b>

- The total number of retired status applications received has increased by nearly 75% compared to FY 2019-20, from 403 to 704.

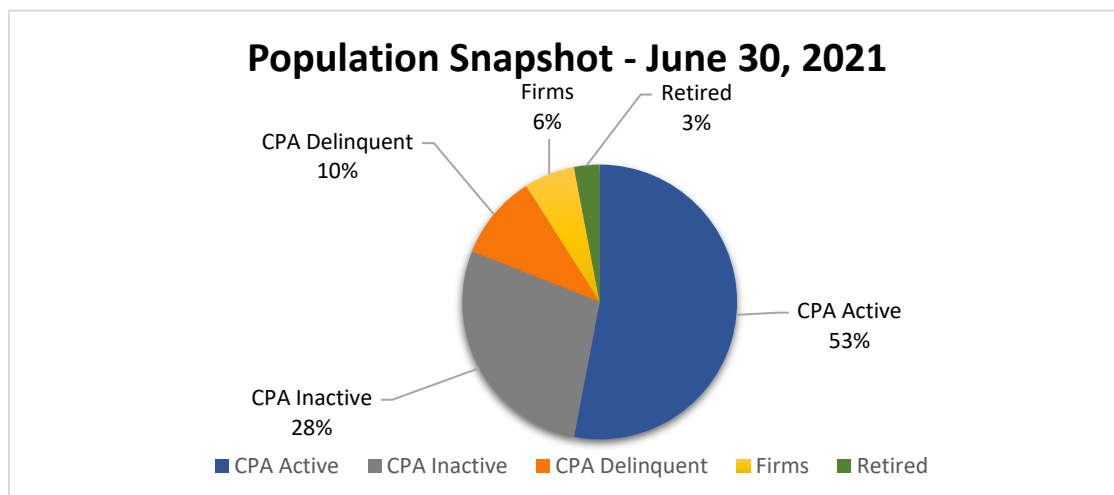
---

<sup>11</sup> Retired Status Applications are most often denied because the licensee does not meet the qualifications set forth in CBA Regulation section 15.1.

## Population Statistics

Table 13: Population Statistics by Fiscal Year

License Type	2018-19	2019-20	2020-21
Active CPA/PA	57,746	57,162	58,529
Inactive CPA	30,629	30,658	30,617
Delinquent CPA	9,333	10,973	11,613
CPA Retired	2,453	3,112	3,774
<b>Total CPA/PA</b>	<b>100,161</b>	<b>101,905</b>	<b>104,533</b>
Accountancy Corporations	4,358	4,242	4,357
Accountancy Partnerships	1,393	1,349	1,357
Out-of-State Firm Registrations	675	721	790
<b>Total Accountancy Firms</b>	<b>6,426</b>	<b>6,312</b>	<b>6,504</b>
<b>Grand Total</b>	<b>106,587</b>	<b>108,217</b>	<b>111,037</b>



## Military and Refugee/Asylee/Special Immigrant Visa Holders Statistics

The CBA provides assistance programs for past and present military personnel and their spouses/domestic partners, as well as refugees, asylees, and special immigrant visa holders, collectively referred to as “refugee.”

The CBA began tracking this data as of January 2021; therefore, historical data is unavailable.

Table 14: Military and Refugee Inquiries as of June 30, 2021.

Inquiries	2020-21
Email (Military)	91
Telephone Calls (Military)	16
Email (Refugee)	4
Telephone Calls (Refugee)	0

Table 15: Military Applications Received and Approved

Application Type	Received 2020-21	Approved 2020-21	Average Processing Time in Days
CPA Exam	1	1	1
CPA License	24	18	5
CPA Renewal	1	1	1

- Due to deficiencies, some applicants have not yet been approved. Processing times for deficient applications are not factored into average processing times until the applications are approved.
- Military applications received priority processing as can be seen by the average processing times.

Table 16: Refugee Applications Received and Approved<sup>12</sup>

Application Type	Received 2020-21	Approved 2020-21	Average Processing Time in Days
CPA Exam	0	0	0
CPA License	3	3	9

- Refugee initial licensing applications received priority processing as can be seen by the average processing time of only 9 days.

---

<sup>12</sup> Renewal applications are not required to be expedited pursuant to Business and Professions Code section 135.4.

# CPA Exam Performance Summary: 2021 Q-2 California

Attachment

## Overall Performance

Unique Candidates	4,845
New Candidates	1,069
Total Sections	6,520
Passing 4th Section	558
Sections / Candidates	1.35
Pass Rate	50.84%
Average Score	71.57

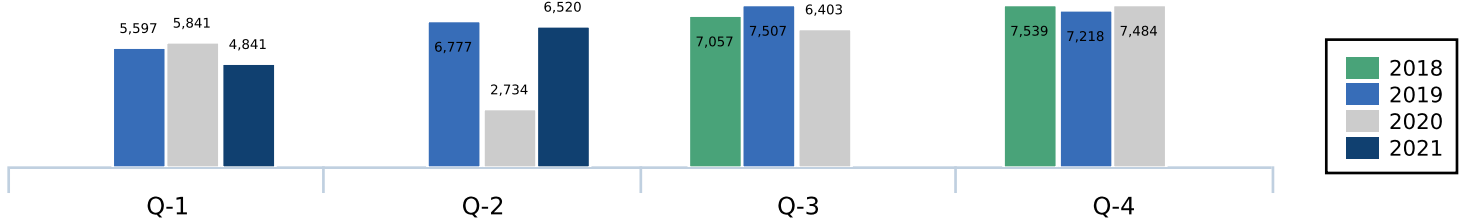
## Section Performance

	Sections	Score	% Pass
First-Time	1,888	71.68	55.61%
Re-Exam	4,615	71.56	48.95%
AUD	2,171	71.06	47.49%
BEC	1,644	75.71	60.83%
FAR	1,536	67.49	41.41%
REG	1,169	72.07	55.43%

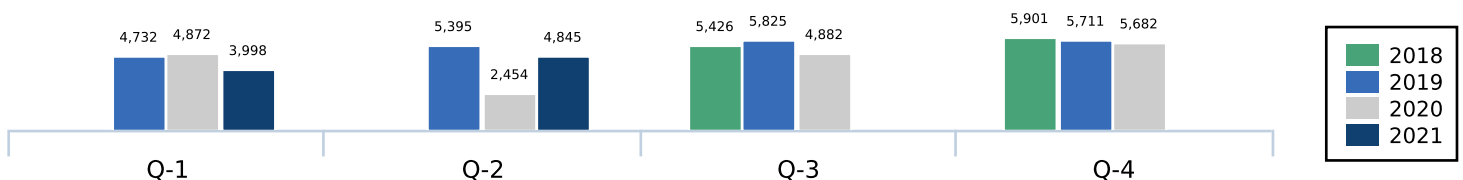
## Jurisdiction Ranking

Candidates	Sections
1	1
39	37
Pass Rate	Avg Score

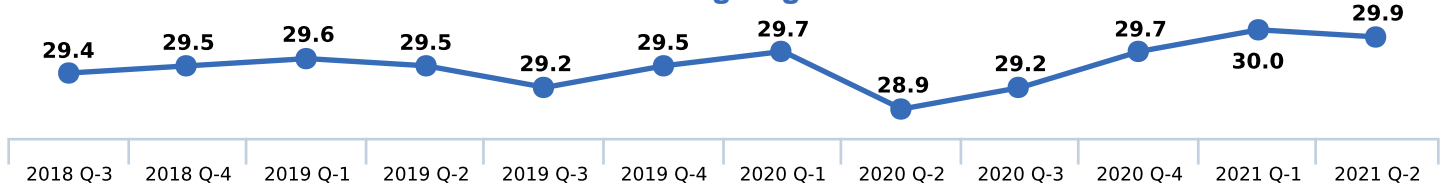
## Sections



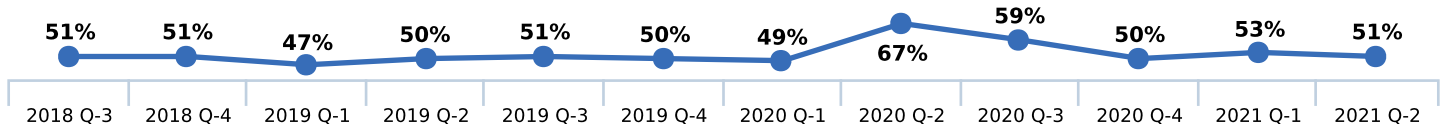
## Candidates



## Average Age



## % Pass



# CPA Exam Performance Summary: 2021 Q-2

## California

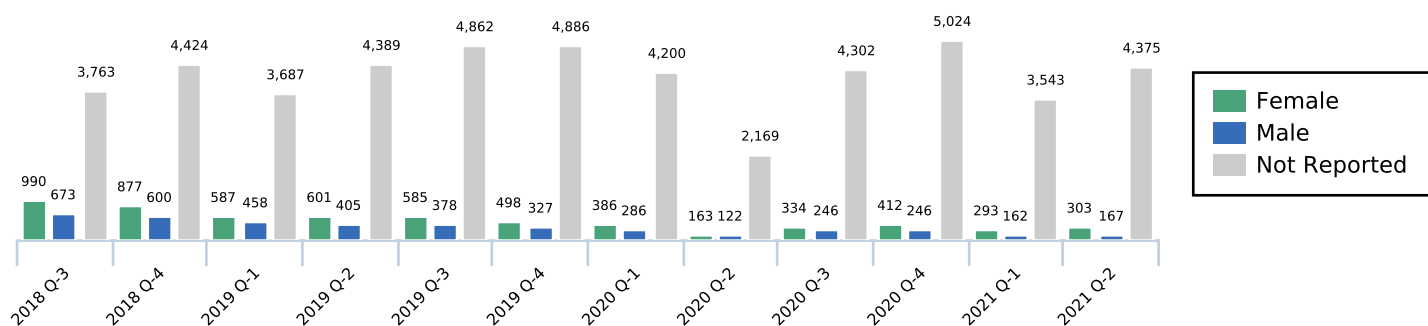
### Degree Type

	Candidates	% Total
Bachelor's Degree	3,759	77.6%
Advanced Degree	1,028	21.2%
Enrolled / Other	58	1.2%

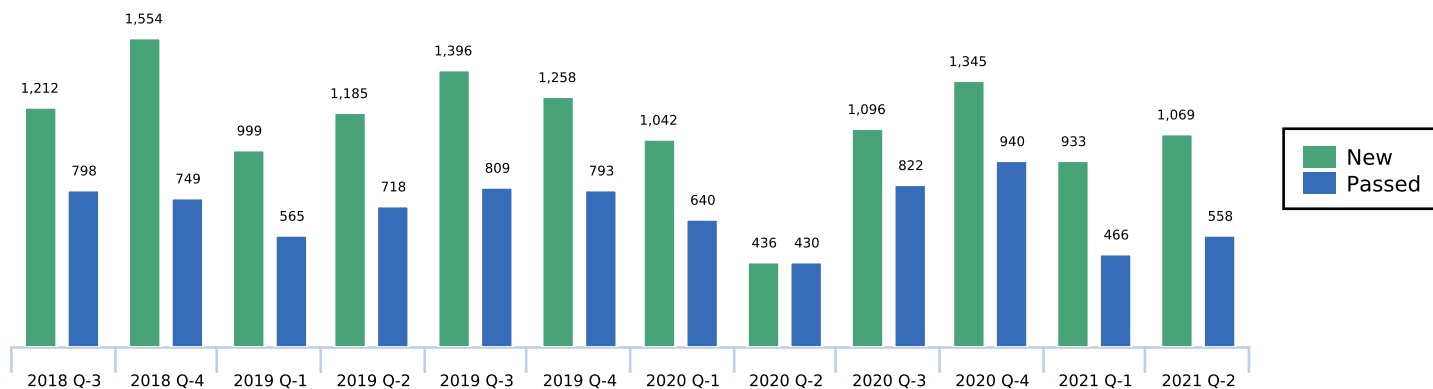
### Residency

	Candidates	% Total
In-State Address	4,020	82.97%
Out-of-State Address	496	10.24%
Foreign Address	329	6.79%

### Gender



### New Candidates vs Candidates Passing 4th Section



#### Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
  2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
  3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
- Copyright © 2021 National Association of State Boards of Accountancy, Inc. All rights reserved.



# CPA Exam Performance Summary: 2021 Q-2

## Overall

### Overall Performance

Unique Candidates	34,287
New Candidates	8,014
Total Sections	46,084
Passing 4th Section	5,277
Sections / Candidates	1.34
Pass Rate	53.37%
Average Score	72.51

### Section Performance

	Sections	Score	% Pass
First-Time	11,612	71.73	55.99%
Re-Exam	34,353	72.81	52.55%
AUD	15,124	71.85	50.50%
BEC	11,349	76.96	63.32%
FAR	10,874	68.02	42.64%
REG	8,737	73.47	58.76%

### Most Candidates

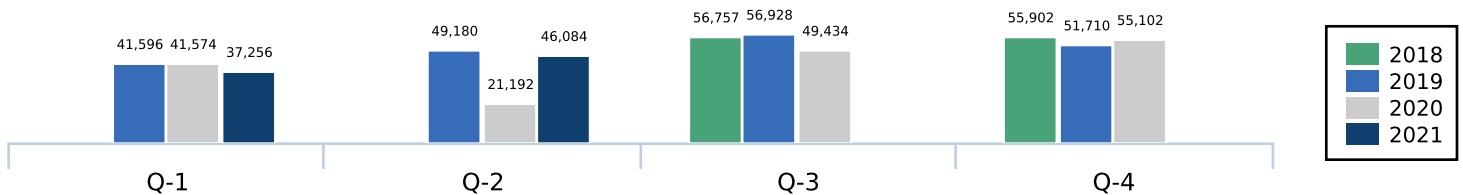
1. California	4,845
2. New York	4,075
3. Texas	2,751

### Top 3 Jurisdictions

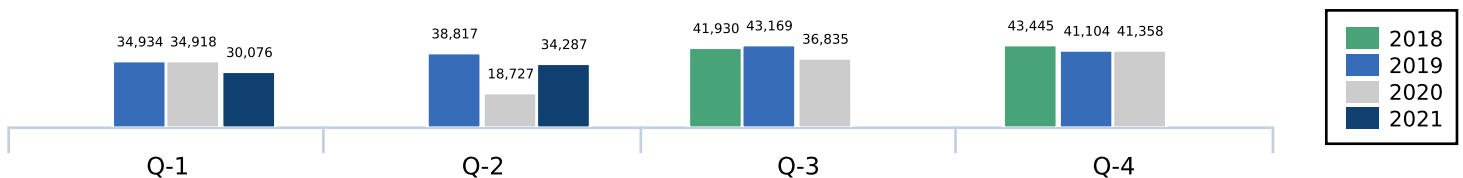
### Highest Pass Rate

1. Utah	64.51%
2. South Dakota	63.46%
3. Wisconsin	62.81%

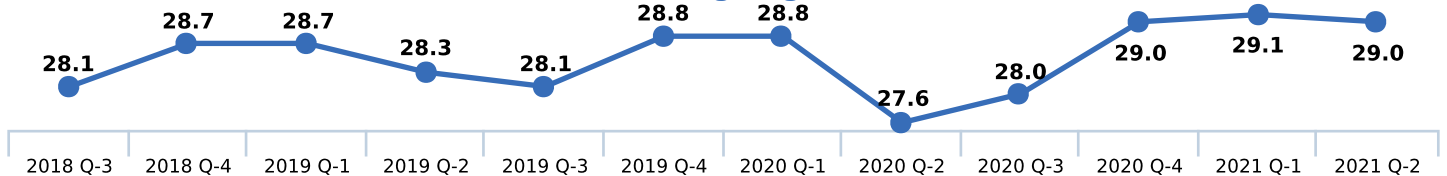
### Sections



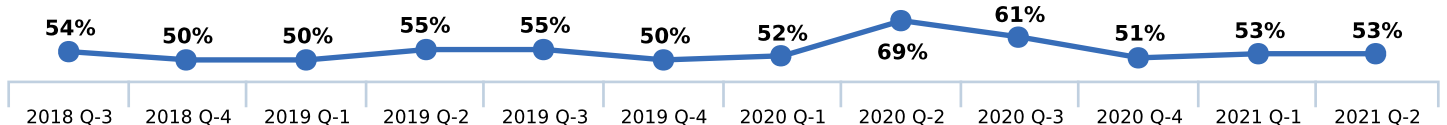
### Candidates



### Average Age



### % Pass



# CPA Exam Performance Summary: 2021 Q-2

## Overall

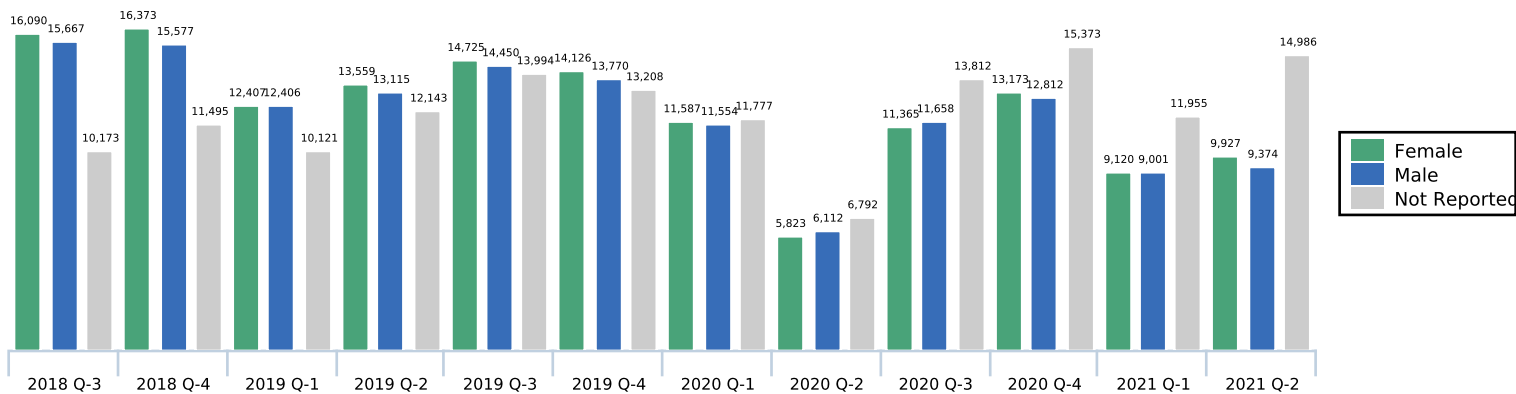
### Degree Type

	Candidates	% Total
Bachelor's Degree	23,626	68.9%
Advanced Degree	7,111	20.7%
Enrolled / Other	3,550	10.4%

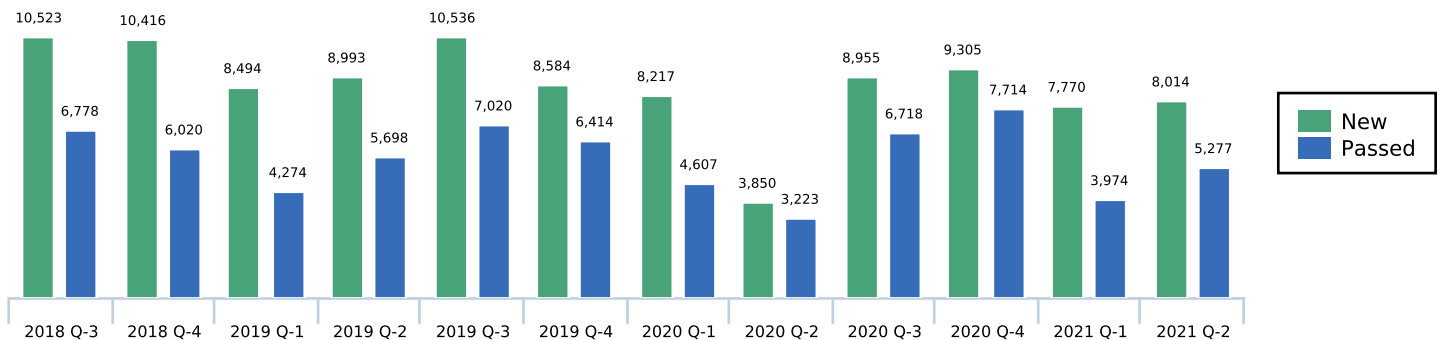
### Residency

	Candidates	% Total
In-State Address	24,745	72.17%
Out-of-State Address	5,331	15.55%
Foreign Address	4,211	12.28%

### Gender



### New Candidates vs Candidates Passing 4th Section



#### Notes:

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.

Copyright © 2021 National Association of State Boards of Accountancy, Inc. All rights reserved.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item XIV.A.**  
 September 23-24, 2021  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 May 13-14, 2021  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 1:32 p.m. on Thursday, May 13, 2021. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020. The CBA convened into closed session from 1:40 p.m. until 2:38 p.m. The CBA convened into open session on Friday, May 14, 2021 at 9:05 a.m. until 12:26 p.m. President Corrigan adjourned the meeting at 12:26 p.m.

President Corrigan read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl A. León  
 Luz Molina Lopez

May 13, 2021

1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.  
 Absent  
 1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.  
 1:32 p.m. to 2:38 p.m.

CBA Members

Zuhdia "Dee Dee" Owens, CPA  
Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

May 13, 2021

1:32 p.m. to 2:38 p.m.  
1:32 p.m. to 2:38 p.m.  
Absent  
1:32 p.m. to 2:38 p.m.  
1:32 p.m. to 2:38 p.m.

CBA Members

Nancy J. Corrigan, CPA, President  
Michael M. Savoy, CPA, Vice-President  
Mark J. Silverman, Esq., Secretary/Treasurer  
George Famalett, CPA  
Mary M. Geong, CPA  
Karriann Farrell Hinds, Esq.  
Dan Jacobson, Esq.  
Xochitl A. León  
Luz Molina Lopez  
Zuhdia "Dee Dee" Owens, CPA  
Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

May 14, 2021

9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 10:39 a.m.  
9:05 a.m. to 12:26 p.m.  
Absent  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 12:26 p.m.  
Absent  
9:05 a.m. to 12:26 p.m.  
9:05 a.m. to 11:57 a.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology (IT) Staff  
Bianca Angulo, Department of Consumer Affairs (DCA)  
Michelle Center, Chief, Licensing Division  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Suzanne Gracia, Manager, Licensing Division  
Patrick Ibarra, Information and Planning Officer  
Tom Jurach, Office of Information Services, DCA  
Amir Larian, Website Analyst  
Ryan Marcroft, Deputy Director, Legal Affairs Division, DCA  
Alex Millington, Regulatory Counsel, DCA  
Kari O'Connor, Manager, Enforcement Division  
Brittany Ortega, Chief, SOLID Division, DCA  
Ryan Perez, Board and Bureau Relations, DCA  
Rebecca Reed, Board Relations Analyst  
Peter Renevitz, Legislative Analyst  
Mike Sanchez, Television Specialist, Office of Public Affairs, DCA  
Wayne Wilson, Special Projects Analyst

### Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)

Michael Williams, CPA, Vice-Chair, Qualifications Committee (QC)

Renee Graves, CPA, Chair, Peer Review Oversight Committee (PROC)

### Other Participants

Matt Borasi, California Society of CPAs (CalCPA)

Jason Fox, Vice President of Government Relations, CalCPA

Pat Joyce, KP Public Affairs

- I. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.

- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

- B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

- C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

- II. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

- III. Public Comments for Items not on the Agenda.

No public comments were received.

- IV. Report of the President.

- A. Training Regarding Substantially Related Convictions and Acts to the Practice of Public Accountancy.

President Corrigan stated CBA members received a memorandum from Helen Geoffroy, the CBA's legal counsel on May 11, 2021 for review and discussion regarding the training. She stated the memorandum has not been released to the public as it is confidential based on attorney client privilege. She stated to enable the legal memorandum to be available to the public, along with the memorandum from CBA member Dan Jacobson, the CBA must pass a motion to waive confidentiality.

**It was moved by Mr. Savoy and seconded by Mr. Jacobson to waive confidentiality of the memorandum from DCA legal counsel dated May 11, 2021 and titled "Substantially Related Crimes."**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong and Ms. Robinson.**

**Abstain: None.**

Ms. Geoffroy indicated the training was an opportunity for CBA members to discuss the general concept of substantially related crimes. She stated the training and legal memorandum provided by the CBA legal counsel was intended to be a brief overview and as a supplement to prior training, which was publically provided by DCA's Legal Affairs Division and the Attorney General's Office.

Ms. Geoffroy noted this included discussions that took place to amend California Code of Regulations, Title 16, section 99. She indicated the regulation set forth the CBA's definition of substantially related crimes. She stated the training was not intended to be an in depth review of the law on substantial relationship.

Ms. Geoffroy noted the prior training documents that were included in the meeting materials provided numerous references to crimes that had been previously found to be substantially related to various professions.

Ms. Geoffroy stated Business and Professions Code (BPC) sections 490 and 5100 provided that a crime must be substantially related to the profession. She stated that means a nexus or a connection must exist between the crime and the licensee's fitness or capability to practice public accountancy or to the qualifications, functions, or duties of the profession.

Ms. Geoffroy noted when faced with a specific set of circumstances, members analyze if the crime and facts provide insight on the licensees fitness or competency to practice public accountancy. She stated if insight on the licensees practice is present, the members determine if the public is still provided competent and professional public accountancy services or if the public and/or licensee would benefit from preventative, protective, and remedial action in the form of discipline.

Ms. Geoffroy stated while individual members may disagree about whether particular criminal misconduct is substantially related and robust discussion on the topic is appropriate, the members ultimately decide the matter as a single board.

Ms. Geoffroy indicated law in the form of statute, regulation, and case law guide the CBA's decision making as each matter is considered individually. She stated the specific facts and applicable laws must guide the determination of a substantial relationship existence.

Ms. Geoffroy stated since the courts have previously considered various crimes in the context of other professions, the analyses that courts have provided from prior cases can be useful in evaluating whether a particular crime is substantially related to the accountancy profession.

Ms. Geoffroy indicated the CBA is the final decision maker in a multi-step process. She stated the CBA reviews the substantial relationship analyses from enforcement staff, deputy attorney general, and administrative law judge, if a case went to hearing. She noted the CBA may not ultimately agree with the prior conclusions or the CBA may determine that a substantial relationship was not properly explained or supported, but the documents reviewed by the CBA contain analyses by other qualified persons applying the same laws and facts to the individual matter at issue.

Ms. Geoffroy noted while the law does not define the phrase substantially related with any specificity, it does provide helpful guidance to the CBA in evaluating each particular case. She stated each case must be evaluated on its own merits. She indicated this is the reason there are not simple rules for what conduct is or is not substantially related.

Ms. Geoffroy indicated the main focus of any substantial relationship analysis is whether there is an expressed nexus or connection between the crime and the practice of public accountancy.

Ms. Geoffroy noted this information should be considered in the broader context of the training and legal advice the board receives from its legal counsel.

Mr. Jacobson and Ms. Geoffroy agreed that the courts have said, in a disciplinary case there is no profession where the patient passes so completely within the power and control of the operator as does the medical patient, and so the patient is dependent upon and must trust the physician.

Mr. Jacobson and Mr. Geoffroy agreed that the Court of Appeal's approach in the *Hall* case to determining if an activity is substantially related to a profession that is well-defined by statute was appropriate. That approach being to first determine duties subject to review and observation that a profession may have, then the activity the professional is charged with, and then decide if the subject activity is substantially related to any of those duties.



Mr. Jacobson asked for confirmation on whether the Business and Professions Code provides for a specific statute that states lawyers are different from other professions in that all the time, lawyers have to behave with appropriate moral behavior. He stated if a lawyer, no matter what they are doing or whether it is related to lawyering or not, does something that involves inappropriate moral turpitude, they can be disciplined.

Ms. Geoffroy stated that is true. She stated the statutes as well as ethical standards for attorneys do require that attorneys reflect themselves as legal counsel at all times. She stated there are very strict standards, even for outside the practice of law.

President Corrigan inquired if the training on substantial relationship for the CBA would apply to all boards and bureaus under DCA or if it is strictly applicable to the CBA.

Ms. Geoffroy stated to an extent, BPC section 490 applies to all boards and bureaus within DCA. She stated BPC section 5100 is unique to the CBA but is not necessarily unique in its design. She stated there is perhaps generic training, and generic information that could be applied to all boards and bureaus.

President Corrigan inquired whether the CBA's application of substantial relationship has been consistently applied when deliberating enforcement matters.

Mr. Marcroft stated generally the substantial relationship legal standard is something that is applicable throughout DCA. He noted the concepts that courts apply when they are identifying whether something is substantially related, is reasoning that can be applied in the practice public accountancy, even if there is not already a court decision finding in that way. He stated when Ms. Geoffroy references some of the examples that have been applied in other professions, the thinking behind that is courts tend to look at other courts decisions when they go about approaching a new question.

Mr. Marcroft stated the CBA has been consistent through the years when looking at substantial relationship. He stated that as members come and go, there can be changes in different views and interests in how cases are prosecuted. He stated there are also changes in the law that would not apply for past enforcement matters, which could apply currently.

Mr. Marcroft noted one example is the enactment of Assembly Bill (AB) 2138. He stated part of AB 2138 was to establish statutory criteria to consider when evaluating the question of substantial relationship. He indicated there was no statutory criteria prior to AB 2138, but there are now. He stated as the law changes, so too are the ways we apply the law. He noted an additional change AB 2138 introduced made it so that certain crimes no longer can be

used to deny a license. He stated that this was not something the CBA did, but it was implemented by the legislature. He stated going forward in applying the law, we are going to apply it to a more limited set of circumstances because the law has become narrower.

Ms. Hinds stated the materials and training related to substantial relationship have been very helpful and informative. She indicated it can be challenging to really have an appropriate understanding of how to appropriately apply the rules and regulations and the law in a variety of circumstances and how to best serve as a member of the CBA. She noted particularly where in the context of accounting principles, she is not a CPA and needs assistance from staff and other CBA members when considering enforcement matters. She noted she is a lawyer, but reminds herself not to apply the principles of law to her service on the CBA because the mission of the CBA is to protect the consumer first and foremost, as opposed to the relationship that comes along with being a lawyer. She indicated it would be helpful to have a reminder training about some of the really specific complex principles every couple of years.

President Corrigan stated she spoke with Ms. Bowers regarding including the topic of substantial relationship in the DCA Board Member Orientation Training.

Mr. Savoy stated during his tenure with the CBA, the CBA has implemented various rules and regulations. He noted the primary objective of the CBA is the protection of the public and the consumers the CBA serve. He indicated members evenly apply the rules, as they are stated, in looking at all decisions that the CBA has made. He stated members have been fair and honest, but always protecting the consumer has been the CBA's main objective and mandate. He stated the CBA has done that through the course of his tenure and will continue to do so.

Mr. Jacobson stated while the statute does exist and members follow the statute, that the CBA members have a duty to protect the public. He stated part of the public was the accountant that was before us and the CBA members have a duty to protect the public within the law. He stated we have to take the greatest extreme if a CPA has done something wrong. He stated discipline would need to be applied within the law.

President Corrigan stated to her knowledge, the CBA has been complying with the laws and regulations. She stated if the CBA has not been complying within the law, she would like to know immediately from DCA's Legal Affairs Division. She stated the materials pointed out multiple reviews by qualified individuals that handle enforcement cases from the Attorney General's Office, to the CBA's legal counsel, and an Administrative Law Judge, in some instances.

Mr. Famalett stated it was good to receive the training as a refresher on the topic of substantial relationship. He stated while CPAs do a lot of different things, CPAs attest to the accuracy of financial matters. He stated they are relied upon heavily by financial transactions, whether that be banks or pension funds, among other things. He stated the idea of being able to draw a clear line with matters or when dealing with a matter that was not directly related to financial crimes can be difficult. He stated CPAs are expected to bring a high degree of trust to the transactions that they are involved in on a daily basis. He stated the public expects that and needs to in order for the financial markets to operate. He stated the protection of the public's trust was extremely important.

- B. Resolution for Retired Mobility Stakeholder Group Member, Jeffrey De Lyser, CPA.
- C. Resolution for Retired Mobility Stakeholder Group Member, Shawn C. Lewis.
- D. Resolution for Retired Mobility Stakeholder Group Member, Jim Songey, CPA.
- E. Resolution for Retired Mobility Stakeholder Group Member, Stuart Waldman, Esq.

**It was moved by Ms. Salazar and seconded by Ms. Tu to approve the following resolutions:**

- **Jeffrey De Lyser, CPA**
- **Shawn C. Lewis**
- **Jim Songey, CPA**
- **Stuart Waldman, Esq.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong, Ms. Molina Lopez, and Ms. Robinson.**

**Abstain: None.**

- F. Overview of the Process to Apply for and Resources Available to Become a Successful California Board of Accountancy Member.

President Corrigan indicated DCA has requested that all boards place an item on their meeting agenda regarding the recruitment and appointment of new members.

President Corrigan stated individuals interested in serving California consumers as a member of the CBA must understand the application process, expectations for their role, and the resources available to assist in a successful transition.

President Corrigan noted the CBA consists of 15 members, seven of whom must be certified public accountants, and eight of whom must be public members who are not licensees of the CBA. She stated the Governor appoints four of the public members and all of the licensee members and the Senate Rules Committee and Speaker of the Assembly each appoints two public members.

President Corrigan stated individuals interested in applying need to contact the correct appointing authority based on the vacancy they seek to fill. She indicated while all three appointing authorities can appoint members of the public, only the Governor can appoint licensee members.

President Corrigan stated the CBA presently has one vacancy for a licensee member. She stated individuals interested can find information on the Governor's webpage regarding the application process and there is a link from the front page of the CBA website.

President Corrigan noted individuals who are appointed to serve as a CBA member have a critical role in serving California consumers. She stated it is beneficial for the individual to have some foundational skills as stated in the agenda item and the availability to fully participate in all CBA-related meetings and activities.

President Corrigan stated there are many resources available to assist newly appointed CBA members. She stated as President, her first communication with a new member starts with an email welcoming them and then schedules time for a call so she can provide an overview of the CBA, answer questions, and provide preliminary information to get them started.

President Corrigan stated the CBA Executive Officer and staff then contact the new member and provide a significant amount of both personnel-related paperwork and board-related documents to help in their transition. She indicated this is followed by two different orientation sessions, one with DCA and one with the CBA President and Executive staff.

President Corrigan stated there is also an established mentor program for new members. She stated the CBA President assigns a tenured CBA member mentor to work closely with the new member to provide insight and background regarding various topics and to answer any questions they may have during CBA meetings.

President Corrigan stated if were any individuals watching the webcast who are interested in becoming a CBA member, or if any of our members or stakeholders are aware of an individual that has interest in becoming a CBA member, there is a significant amount of information available on the CBA website that can provide an overview of who we are and the current priorities that we are working on.

President Corrigan stated she is happy to speak with individuals who may have questions regarding becoming a CBA member and those interested can contact the CBA Executive Officer to coordinate a call.

G. American Institute of Certified Public Accountants Committee Interest for the 2022-23 Volunteer Year.

President Corrigan stated members interested in serving on an American Institute of Certified Public Accountants (AICPA) committee should submit an application by the deadline of October 1, 2021.

H. Discussion Regarding Remote Proctoring of the Uniform Certified Public Accountant Examination.

Ms. Center provided an overview for this agenda item.

Ms. Center stated that at the January 2021 CBA meeting, the National Association of State Boards of Accountancy (NASBA) provided a presentation regarding Prometric's ProProctor product. She stated ProProctor is a web-based application that would allow the CPA Exam to be taken outside of a testing center. She stated NASBA anticipates piloting the ProProctor product beginning in June of this year.

Ms. Center stated in September of 2020, DCA's Office of Professional Examination Services (OPES) recommended boards evaluate certain factors prior to making decisions on remote proctoring. She stated at the request of the CBA, NASBA specifically addressed the factors identified by OPES for consideration.

Ms. Center stated in cooperation with legal counsel and DCA, staff will continue to assess the ProProctor solution using the factors recommended by OPES and any additional considerations recommended by the CBA. She stated staff will continue to report back to the CBA on the results of such evaluations at a future CBA meeting.

I. Department of Consumer Affairs Director's Report on Departmental Activities.

Mr. Perez reported COVID-19 has affected every aspect of DCA's work for more than a year. He stated DCA offices remained open with preventative measures to safeguard the health and safety of DCA's employees and

visitors. He noted boards and bureaus are looking ahead to what changes could be made permanent for efficiency and employee wellbeing, with those changes including telework and eliminating paper processes.

Mr. Perez noted the salary increase for Ms. Bowers was approved.

Mr. Perez stated DCA received many questions regarding when DCA boards and bureaus might be able to meet in-person. He stated there was no definitive answer. He stated the ability of the CBA to meet remotely was tied to the Governor's executive orders and the state of emergency. He stated when the executive orders are lifted, the CBA will be required to follow all aspects of the Bagley-Keene Open Meeting Act, including publicly noticed and accessible locations. He stated it was not known when the orders would be lifted or if any changes in the law would occur. He stated DCA would assist the boards and bureaus to transition safely to in-person meetings.

Mr. Perez stated one of the top priorities in DCA's Board and Bureau Relations was appointments, and the CBA currently had one vacancy, a position that was previously held by Carola Nicholson, CPA. He stated DCA and the appointing authorities, share the goal of a fully seated diverse and effective board. He noted if any members knew of any candidates or if any members of the public attending the meeting were interested in serving on the CBA, there is a link to board member resources on DCA's website where they could apply for an appointment.

Mr. Perez stated that 2021 was a mandatory year for completion of the Sexual Harassment Prevention Training. He stated all employees and board members were required to complete the training during 2021.

President Corrigan stated she attended the DCA Brown Bag meeting that was held on March 30, 2021. She stated there was a presentation from Dr. Maxine Papadakis, a professor of medicine at the University of California, San Francisco. She stated Dr. Papadakis reported on the study of the long term outcome of disciplinary action on behavior as a professional. She stated the study linked unprofessional behavior and long term disciplinary action as key indicators of future behavior.

V. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Mr. Savoy and seconded by Mr. Jacobson to appoint Alan M. Gittelson, CPA.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy,**

**Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong and Ms. Robinson.**

**Abstain: None.**

- B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

**It was moved by Mr. Savoy and seconded by Ms. Owens to appoint Jeffrey T. Baginski, CPA and Hanzhao Meng, CPA.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong and Ms. Robinson.**

**Abstain: None.**

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

There was not report on this agenda item.

VI. Report of the Secretary/Treasurer.

- A. Discussion of the Fiscal Year 2020-21 Fiscal Month Eight Financial Statement.

Mr. Silverman reported the CBA budget authority for the current fiscal year (FY) remains set at \$16,323,000. He stated actual expenditures and encumbrances as of February 28, 2021 were nearly \$10.1 million and represented about 62% of the CBA's budget. He reported the CBA is projected to end FY 2020-21 with a budget surplus of approximately 11%.

Mr. Silverman noted the CBA's revenue reflects an increase of more than 21.7% over the same period in the previous FY 2019-20. He stated this was due to the license renewal and initial licensing fee increases that became effective January 1, 2020.

Mr. Silverman stated the fund condition projected the CBA will end the current FY with 7.1 months in reserve.

Ms. Pearce indicated the CBA had a reduction in expenditures for General Expenses compared to the previous year. She stated some of the difference was due to the new reporting format for the Financial Information System for California, as some items previously designated as General Expense are now categorized differently. She stated other changes include fewer office supplies and reduced shipping costs for board meeting related materials.

Mr. Jacobson inquired if there has been any update regarding the salary reduction that was implemented in July of 2020 due to the budget crisis related to COVID-19 and if the salaries will be restored.

Ms. Pearce stated that there has not been an update on the restoration of salaries and staff should be receiving an update on the budget in the next few weeks.

## VII. Regulations.

### A. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 12.5 – Attest Experience Form for Experience Under Business and Professions Code Section 5095.

Ms. Pearce stated the purpose of this agenda items was to provide the CBA the opportunity to consider any public comments and to provide responses and to adopt the proposed amendments to Title 16, California Code of Regulations (CBA Regulations) section 12.5.

Ms. Pearce stated the CBA initiated this rulemaking following the AICPA's issuance of the Statement on Standards for Accounting and Review Services No. 21, which created a new level of accounting and auditing service for engagements to prepare financial statements. She stated the changes necessitated revisions to the language on the certificate of attest experience forms that are required from applicants applying for CPA licensure with the authority to sign attest reports.

Ms. Pearce stated Sections V. and VI. on the forms contain clarifying language to ensure proper reporting in those sections. She stated the proposed changes would also make minor and non-substantive edits to the Personal Information and Collection and Access notice on the forms.

Ms. Pearce stated in order to effectuate regulatory changes, the CBA must adhere to Administrative Procedure Act (APA) provisions in the Government Code, commonly referred to as the rulemaking process. She stated one of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of a regulation.



Ms. Pearce stated the CBA followed all the required steps, including the filing of necessary documents with the Office of Administrative Law (OAL) to allow the 45-day public comment period to occur, which concluded on May 3, 2021. She highlighted the CBA also conducted the public hearing at its office on May 4, 2021.

Ms. Pearce stated the rulemaking process requires the CBA to consider any public comments and based on those comments, whether to amend and adopt the proposed regulatory text. She indicated the CBA did not receive any written comments during the 45 day comment period, nor were any comments received at the public hearing for this rulemaking.

**It was moved by Mr. Jacobson and seconded by Ms. Salazar to:**

- **Adopt the regulatory text in Title 16, California Code of Regulations section 12.5,**
- **Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of DCA; the Business, Consumer Services, and Housing Agency; and OAL,**
- **Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong and Ms. Robinson.**

**Abstain: None.**

**B. Discussion and Possible Action to Amend Title 16, California Code of Regulations Section 19 – Practice Privilege Forms for Individuals.**

Ms. Pearce stated the purpose of this agenda items was to provide the CBA the opportunity to consider any public comments and to provide responses and to adopt the proposed amendments to Title 16, CBA Regulations section 19.

Ms. Pearce stated the CBA initiated this rulemaking pursuant to BPC section 5096.21, part of the CBA's mobility provisions, which required the CBA to evaluate other states to determine whether allowing individuals from a particular state to practice in California pursuant to a practice privilege violated the CBA's duty to protect the public.

Ms. Pearce stated if a determination was made, the CBA, through a majority vote at a regularly scheduled meeting, would require individuals from that state to submit a notification form prior to practicing in California.

Ms. Pearce stated although all states were found to have met the criteria outlined in BPC section 5096.21, this regulatory proposal sought to update CBA Regulations section 19 by adding a new notification form for individuals to submit and incorporating said form by reference. She stated this would ensure that the CBA has a mechanism as required by BPC sections 5096.21 and 5096.22 for individuals to submit the required notification form should one become necessary.

Ms. Pearce stated in order to effectuate regulatory changes, the CBA must adhere to APA provisions in the Government Code, commonly referred to as the rulemaking process. She stated one of the primary purposes of the rulemaking process is to provide the public an opportunity to participate in a state agency's consideration and adoption of a regulation.

Ms. Pearce stated the CBA followed all the required steps, including the filing of necessary documents with OAL to allow the 45-day public comment period to occur, which concluded on May 3, 2021. The CBA also conducted the public hearing at its office on May 4, 2021.

Ms. Pearce stated the rulemaking process requires the CBA to consider any public comments and based on those comments, whether to amend and adopt the proposed regulatory text. She stated the CBA did not receive any written comments during the 45 day comment period, nor were any comments received at the public hearing for this rulemaking.

**It was moved by Mr. Jacobson and seconded by Ms. Owens to:**

- **Adopt the regulatory text in Title 16, California Code of Regulations section 19,**
- **Direct staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of DCA; the Business, Consumer Services, and Housing Agency; and OAL,**
- **Authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong and Ms. Robinson.**

**Abstain: None.**

VIII. Report of the Executive Officer.

A. Discussion Regarding the Development of the California Board of Accountancy 2022-2024 Strategic Plan.

Mr. Ibarra stated the purpose of this agenda item was to provide the CBA with an overview of upcoming activities that will assist in the development of the CBA's 2022-2024 Strategic Plan. He stated the goal of the Strategic Plan process is to identify the CBA's strengths and weaknesses, and to build a plan for the CBA with goals and objectives for the next three years.

Mr. Ibarra stated in February of this year, staff, working collaboratively with the DCA Strategic Organizational Leadership and Individual Development Planning Solutions (SOLID) initiated work to develop the CBA's Strategic Plan. He stated significant work still needs to be completed this year to gather information as part of an Environmental Scan, which will be used during a Strategic Planning Workshop scheduled to occur at the September 2021 CBA meeting.

Mr. Ibarra noted to develop the Environmental Scan:

- SOLID will conduct telephone interviews with CBA members between July 5 and July 16, 2021
- An online survey will be sent to all members of the CBA's statutory committees
- A survey will be sent to CBA stakeholders, including individuals on the CBA's E-News list
- SOLID will hold an interview with the CBA's Senior Management
- SOLID will conduct a focus group with CBA managers

Mr. Ibarra stated through this process, the CBA will receive input on any trends or changes that could impact the CBA, or opportunities and threats the CBA should consider. He indicated this information will be used to conduct the SOLID-led workshop at the September CBA meeting. He stated following the September CBA meeting, SOLID will then prepare a Draft 2022-2024 Strategic Plan, which will be presented for review and possible approval at the November 2021 CBA meeting.

Mr. Jacobson inquired if the E-news list included a substantial amount of licensees.

Mr. Ibarra stated that it did include a substantial amount of licensees.

B. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Ibarra reported that the CBA participated in three outreach events since the March 2021 CBA meeting.

Mr. Ibarra stated on April 14, 2021 the CBA teamed up with San Jose State University for an event attended by 80 of its accounting students. He stated President Corrigan spoke about the role of the CBA and value of the CPA title, and CBA staff members Suzanne Gracia and Jennifer Huddy explained the qualifications and application process for the CPA Exam and licensure. He stated San Jose State alumni currently working as CPAs spoke about their career paths since graduation.

Mr. Ibarra stated on April 21, 2021 the CBA partnered with California Polytechnic State University (Cal Poly) Pomona for an event similar to the one last fall, which featured individual student assessments in addition to our presentations on the application process for the CPA Exam and licensure. He stated over 100 students participated as President Corrigan spoke along with Suzanne Gracia and CBA staff members Ramona Bermudez and David Hemphill. He stated one-on-one student transcript assessments were conducted by CBA staff members Jennifer Jackson, Diane Edwards, Delia Tomas, and Jennifer Huddy.

Mr. Ibarra reported the final event occurred on May 4 with California State University (CSU), San Bernardino. He stated members of the Inland Empire chapter of CalCPA that are alumni of the university also spoke at the event. He stated university staff opened the event up to other schools in the area, and 100 students in total from 16 different campuses attended. He stated President Corrigan was joined by CBA staff David Hemphill and Ramona Bermudez for the presentations, and Jennifer Huddy and Jennifer Jackson helped answer the many student questions which followed. He noted the questions ranged from 2024 CPA Exam changes and courses allowed to fulfill the examination education requirements, to advice on internships and work experience leading up to applying for a CPA license.

Mr. Ibarra noted CBA staff are making plans to host our own outreach event later this year.

Mr. Ibarra indicated the communications team is hard at work getting the word out about the CBA's new Online Licensing Application. He stated many changes were made to the CBA website altering language to reflect the new online option, including a prominent announcement on the front page. He stated a video is being created, narrated by David Hemphill, and produced by the video team at DCA. He noted social media messages were posted, including a new banner to head our Facebook, Twitter, and LinkedIn pages.

He stated the Online Application was also highlighted in presentations to the students at Cal Poly Pomona and CSU San Bernardino outreach events.

Mr. Ibarra stated the CBA is beginning efforts to take advantage of the ever-expanding world of podcasting. He noted equipment was ordered in late April, and staff is exploring topics to present in the inaugural episodes to happen later this year.

Mr. Ibarra noted CBA social media pages continue to grow, adding another 200 followers in February, March, and April. He stated staff provided excellent customer service in answering the many stakeholder questions asked over private messages through Facebook and Twitter.

Ms. León inquired if the events were recorded and available through the CBA's website for students that were not able to participate in the events at the time they were held.

Ms. Pearce noted in the past, events has been recorded events, prior to participating in the virtual events. She indicated having the virtual events available for viewing on the CBA's website was a great idea. She stated staff will try to obtain a recording of the virtual events so they can be posted to the CBA website.

Ms. Owens inquired on how the different schools participating in outreach events were determined.

Mr. Ibarra indicated staff member, David Hemphill, reaches out various schools regarding outreach events, including contacting locations that have conducted outreach events in previous years. He noted once interest is received, staff explore what the event could look like and go from there to secure an outreach event.

Ms. Pearce noted staff were able to partner with CalCPA in outreach efforts. She stated CalCPA has been a great partner in outreach efforts and they have a good reach to the various educational institutions throughout the state. She stated President Corrigan had helped with the outreach events that were held at Cal Poly Pomona, along with some other events.

Mr. Pe suggested staff research various formats of podcasting including Clubhouse. He stated Clubhouse was a new form of radio for the younger generations moving forward.

Ms. Salazar inquired if it was possible to receive information about outreach events prior to the events so members can assist in the promotion of events. She stated it would be nice to include information regarding the events on her LinkedIn page prior to the event taking place.

Ms. Molina Lopez requested staff to explore having outreach events in San Diego, including the south bay.

Ms. Tu stated she would also like to have outreach events in the San Diego area. She stated San Diego State University has a fantastic accounting program.

IX. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the May 6, 2021 Enforcement Advisory Committee Meeting.

Mr. Aguilera reported the EAC conducted two Investigative Hearings via WebEx.

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

1. Report of the February 12, 2021 Peer Review Oversight Committee Meeting.

Ms. Graves reported the following:

- Highlighted 2021 PROC activities and assignments
- Reported on the National Peer Review Committee's 2019 Annual Report on Oversight
- Reviewed and discussed peer review statistical data from the AICPA
- Established a subcommittee to update the checklist regarding the Administrative Site Visit to CalCPA

X. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this agenda item.

XI. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this agenda item.

Ms. Molina Lopez stated she appreciated the adjustments made to the graphs to include past years for the same period as the current year. She stated she also appreciated the information that was provided regarding the military and asylees statistics that were included in the report.

Mr. Fox stated he appreciated staffs' work on getting through the backlog caused by COVID-19 and their work on implementing the on-line process for initial applications.

## XII. Meeting Minutes.

- A. Adoption of the Minutes of the January 14, 2021 California Board of Accountancy Meeting.

**It was moved by Ms. Owens and seconded by Mr. Pe to adopt the minutes of the March 25-26, 2021 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, and Mr. Silverman.**

**Abstain: Mr. Famalett and Ms. León.**

- B. Acceptance of the Minutes of the January 16, 2020 Legislative Committee Meeting.
- C. Acceptance of the Minutes of the January 16, 2020 Committee on Professional Conduct Meeting.
- D. Acceptance of the November 21, 2019 Enforcement Program Oversight Committee Meeting.
- E. Acceptance of the Minutes of the December 3, 2020 Enforcement Advisory Committee Meeting.
- F. Acceptance of the Minutes of the December 11, 2020 Peer Review Oversight Committee Meeting.

**It was moved by Ms. Tu and seconded by Mr. Savoy to accept items XII.B. through XII.F., which include non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Ms. Hinds, Ms. Molina Lopez, Mr. Pe, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, and Mr. Silverman.**

**Abstain: Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Owens, and Ms. Salazar.**

**XIII. Other Business.**

**A. American Institute of Certified Public Accountants.**

**1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.**

**a. State Board Committee.**

Ms. Salazar reported AICPA held a State Board Committee meeting virtually on May 6, 2021. She stated there was discussion on remote testing. She stated members should receive an email regarding a new webcast with updated information regarding remote testing.

Ms. Salazar stated there was an update regarding the CPA Exam content. She stated the coverage focused on CPA Evolution. She stated AICPA was in an exploration phase for the next couple of months. She stated in the fall of 2021, AICPA will shift into blueprint development, which is a document that outlined content, skill levels, and representative tasks. She stated the goal is to have an exposure draft for CPA Evolution on the new blueprint in 2022. She stated the new CPA Exam will launch in January 2024.

Ms. Salazar stated the model curriculum, which was not required but just a sample of what curriculum could look like under CPA Evolution, will be completed in the summer of 2021 and would be made available. She stated NASBA, AICPA, and the American Accounting Association will be holding a lunch event regarding CPA Evolution model curriculum on June 15-16, 2021.

Ms. Salazar stated operational updates included continued pipeline issues nationally. She stated she had not seen any pipeline issues within California.

**B. National Association of State Boards of Accountancy.**



1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported during the April 23, 2021 meeting there was discussion regarding CPA Evolution and the CPA Exam.

Ms. Salazar stated NASBA sends the CBA members recap emails, which contained information regarding curriculum analysis and report.

Ms. Salazar stated NASBA is seeking volunteers and nominations for board positions, as regional director positions.

Ms. Tu encouraged members to apply to serve on a NASBA committee to make sure there is representation from California for NASBA committees.

Ms. Molina Lopez inquired if you need to be a CPA to serve as a NASBA Regional Director.

Ms. Salazar stated that you do not need to be a CPA. She stated the criteria to serve as Regional Director is that you be an accountancy sitting board member within six months of your election.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Continuing Professional Education Committee.

There was no report on this agenda item.

b. Relations With Member Boards Committee.

Ms. Salazar reported at the April 22, 2021 meeting members reviewed the NASBA focus question responses that were received from state boards. She stated the information received is used to shape the programs that are coming up over the summer.

Ms. Salazar stated there will be a NASBA New Member Orientation on June 8, 2021. She stated two members from the CBA were registered to attend the orientation.

Ms. Salazar stated the NASBA Regional Meeting will be held virtually on June 22-23, 2021.

c. Strategic Planning Task Force.

Ms. Bowers reported the task force was finalizing the new strategic plan, which will be presented to the NASBA Board of Directors in July 2021. She stated the task force will be charged with identifying key challenges that are facing the accounting profession and will be developing a plan on the actions NASBA will take to address the challenges.

- d. Report of the April 12-14, 2021 Annual Conference for Executive Directors and Board Staff and the Annual Conference for Board of Accountancy Legal Counsel.

Ms. Bowers stated this was a joint conference that is held annually between the executive directors, legal counsel and enforcement staff.

Mr. Franzella stated during the legal counsel portion of the conference, a roll call was conducted in which various states provided updates and information regarding each state. He indicated he provided information regarding the disciplinary action the CBA took against KPMG, including the requirement that KPMG develop CE hours in the subject area of ethics that will be available to all California licensees at no cost. He stated this update was well received by the other attendees of the conference.

Ms. Salazar stated that even though the content covered by various conferences may be similar, the CBA still needs more than one member participating at NASBA conferences.

#### XIV. Report on the Legislative Committee, Committee on Professional Conduct, and Enforcement Program Oversight Committee.

##### A. Legislative Committee.

- 1. Report of the May 13, 2021 Legislative Committee Meeting.
- 2. California Board of Accountancy 2021 Legislative Tracking Chart.

Ms. León reported staff provided an overview of the Legislative Tracking Chart, which contained the positions taken by the CBA at the March 2021 CBA meeting.

- 3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.
  - a. Assembly Bill 29 – State Bodies: Meetings.

Ms. León stated Assembly Bill (AB) 29 would require that any public meeting notice issued pursuant to the Bagley-Keene Open Meeting Act

must also include all writings or materials in connection with a matter subject to discussion or consideration at that meeting. She stated AB 29 has not been amended since the last CBA meeting.

The LC maintained its Watch position and did not take any action on this item.

b. Assembly Bill 107 – Licensure: Veterans and Military Spouses.

Ms. León stated AB 107 would require a board within the DCA to, after appropriate investigation, issue a temporary license to practice a profession to a military-related applicant who meets specified criteria. She stated there were amendments to AB 107; however, the provisions of the bill would not apply to a board, including the CBA, which has a process under which these individuals are able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year.

The LC maintained its Support position and did not take any action on this item.

c. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.

Ms. León stated AB 225 would require some boards within the DCA to issue a temporary license to an applicant who meets specified requirements. She stated AB 225 was amended since the March CBA meeting and no longer applies to the CBA.

**The LC recommended the CBA discontinue following AB 225.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, and Mr. Silverman.**

**Abstain: None.**

d. Assembly Bill 298 – Accountancy: California Board of Accountancy.

Ms. León stated AB 298 is the CBA-sponsored bill to allow applicants to sit for the CPA Exam prior to completion of educational requirements; update ethics education requirements; authorize the CBA Secretary/Treasurer or another CBA member, as specified, to

preside over CBA meetings; and clarify existing provisions of the Accountancy Act related to the privacy of applicant and licensee email addresses. She stated AB 298 was amended to include the CBA-approved language from the March CBA meeting.

The LC maintained its Sponsor position and did not take any action on this item.

- e. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.

Ms. León stated AB 646 would require a licensing board under DCA, including the CBA, to update information on its website regarding licensees who have had their licenses revoked due to criminal conviction(s) that are subsequently expunged, as specified. She stated AB 646 had not been amended since the March CBA meeting.

Ms. León stated a question was raised regarding the process to verify a licensee and it was suggested greater emphasis be placed on the license lookup feature in the CBA's outreach efforts.

The LC maintained its Watch position and did not take any action on this item.

- f. Assembly Bill 1026 – Business Licenses: Veterans.

Ms. León stated AB 1026 would require DCA and any board within DCA to grant a 50% fee reduction for an initial license to an applicant who provides satisfactory evidence that they have served as an active duty member of the United States (U.S.) Armed Forces or the California National Guard and was honorably discharged. She stated AB 1026 had not been amended since the last CBA meeting.

The LC maintained its Support position and did not take any action on this item.

- g. Assembly Bill 1386 – License Fees: Military Partners and Spouses.

Ms. León stated AB 1386 would prohibit a board within DCA from charging an initial application fee or an initial license issuance fee to an applicant who meets the existing expedited licensing requirements for spouses, domestic partners, or other legal partners of members of the U.S. Armed Forces with an assigned duty station in California. She stated since the March CBA meeting, AB 1386 was amended to also waive an initial examination fee if the examination is administered by the board.

The LC maintained its Support position and did not take any action on this item.

- h. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.

Ms. León stated Senate Bill (SB) 772 would prohibit any board, bureau, or commission within DCA, including the CBA, from assessing an administrative fine for a violation of the applicable licensing act or any adopted regulation if the violation is a minor violation, as specified. She stated SB 772 was now a two-year bill.

The LC maintained its Watch position did not take any action on this item.

#### 4. Review and Consideration of Possible Positions on Legislation.

- a. Assembly Bill 885 – Bagley-Keene Open Meeting Act: Teleconferencing.

Ms. León stated AB 885 would revise the Bagley-Keene Open Meeting Act to encourage greater accessibility for both the public and members of a state body, when state bodies elect to use teleconferencing technology. She stated AB 885 would define teleconferencing as participation in a meeting both audibly and visually. She stated under provisions of the bill, members of a state body participating remotely would not count towards a quorum and would only require public disclosure of the designated primary physical meeting location from which the public may participate. She stated AB 885 was a two-year bill, however, the author welcomes any possible support on AB 885.

Ms. Hinds stated COVID-19 has illustrated how helpful it is having appropriate teleconferencing platforms and systems to ensure that there is greater accessibility and diversity with members and the public to be able to access and participate in teleconference meetings.

**The LC recommended the CBA take a Support position on AB 885.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, and Mr. Silverman.**

**Abstain: None.**

- b. Assembly Bill 1316 – School Accountability: Financial and Performance Audits: Charter Schools: Contracts.

Ms. León stated AB 1316 would establish new requirements for non-classroom based charter schools in the areas of auditing and accounting standards, the funding determination process, adding requirements to the contracting process, Independent Study program requirements, required teacher to pupil ratios, limiting authorization of non-classroom based charters by small districts, and adding specificity to the authorizer oversight process, as specified. She stated the bill's provisions that apply to the CBA primarily relate to adopting regulations by January 1, 2023 for both continuing education (CE) and peer review requirements.

Ms. León stated the proposal for CE would require CPAs, who are engaged in financial and compliance audits of local education agencies, to complete 12 of the existing 80 CE hours required for active status license renewal, in the areas of accounting, auditing, or related subjects pertaining to local educational agencies. She stated for peer review, the proposal would require a peer review prior to an audit firm performing audits of local educational agencies. She stated the regulations must address specific minimum requirements for the peer review program. She stated the CE and peer review provisions shall apply whether the local educational agency is a governmental agency or a nonprofit organization.

Ms. León stated staff provided an overview of questions that may provide clarity and insight regarding many of the proposed provisions. She stated it was further reported that staff have provided the analysis to the author's office and had been in communication with the organization who assisted in the technical components of the bill.

Ms. León stated questions were raised during the LC meeting regarding staff's thoughts on a position and whether there would be time to provide input and comments in the process if no position was taken at this meeting. She stated staff informed the LC that there is no recommended position and that there is likely time to provide input should the bill pass out of the Assembly.

Mr. Jacobson inquired if the items of concern with AB 1316 were educationally related.

Ms. Pearce stated there are several items of concern regarding AB 1316. She stated there's clarifications regarding terminology within the bill with the use of the term auditor instead of licensee, provisions

related to the peer review program, clarification regarding the CE, and whether it would be better if requirement be monitored by the State Controller's Office.

Ms. Molina Lopez inquired if AB 1316 would include the Parent Teachers Association (PTA).

Ms. Pearce stated AB 1316 would not include PTAs.

**The LC recommended the CBA take a Watch position on AB 1316 and work with the author's office and other stakeholders regarding the questions and concerns identified within the analysis.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, and Mr. Savoy.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, Mr. Silverman, and Ms. Tu.**

**Abstain: None.**

c. Senate Bill 607 – Professions and Vocations.

Ms. Pearce stated during the LC meeting, staff reported that SB 607 contained several provisions impacting various boards within DCA; however, the one relevant to the CBA would waive all fees charged by a board associated with the application and initial license for military-related applicants.

Ms. Pearce stated the LC voted to recommend that the CBA take a Support position on Senate Bill 607. She stated staff were made aware of amendments to the bill after the adjournment of the LC meeting.

Ms. Pearce stated the bill amendments proposed that under the Bagley-Keene Open Meeting Act, a state body that is organized within DCA can hold an open or closed meeting by teleconference if specified requirements are met. She stated the bill would specify that:

- Any of the members of a state body may participate in a teleconference meeting from one or more remote locations
- Minutes of the meeting shall include which member or members of the state body participated from a remote location
- The meeting notice and agenda is not required to disclose a member's remote location

- Would not require the state body to post the agenda at a remote location
- Would not require the state body to designate a physical meeting location where members of the public may physically attend the meeting and participate
- All actions taken during a meeting by teleconference shall be by rollcall vote
- Provide a means by which the public may remotely hear audio of the meeting and remotely observe the meeting, if applicable, and remotely participate in the meeting. The applicable teleconference phone number or internet website, or other information indicating how the public can access the meeting remotely, shall be included in the meeting notice
- Upon discovering that a means of remote access required has failed during a meeting, the state body shall end or adjourn the meeting. The bill specifies requirements for adjournment and reconvening the meeting.

**It was moved by Mr. Jacobson and seconded by Ms. Hinds to take a Support position on SB 607.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, and Mr. Savoy.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, Mr. Silverman, and Ms. Tu.**

**Abstain: None.**

5. Review and Possible Consideration on Legislation the California Board of Accountancy is Monitoring.
  - a. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
  - b. Assembly Bill 54 – COVID-19 Emergency Order Violation: License Revocation.
  - c. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
  - d. Assembly Bill 305 – Veteran Services: Notice.
  - e. Assembly Bill 339 – Local Government: Open and Public Meetings.
  - f. Assembly Bill 343 – California Public Records Act Ombudsperson.



- g. Assembly Bill 473 – California Public Records Act.
- h. Assembly Bill 587 – Social Media Companies: Terms of Service.
- i. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.
- j. Assembly Bill 770 – Business.
- k. Assembly Bill 830 – Business: Department of Consumer Affairs: Alarm Company Act: Real Estate Law.
- l. Assembly Bill 1273 – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
- m. Assembly Bill 1291 – State Bodies: Open Meetings.
- n. Senate Bill 102 – COVID-19 Emergency Order Violation: License Revocation.
- o. Senate Bill 209 – State of Emergency: Termination After 45 Days: Extension by the Legislature.
- p. Senate Bill 452 – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.
- q. Senate Bill 600 – Administrative Procedure Act.
- r. Senate Bill 731 – Criminal Records: Relief.

Ms. León stated the bills in this agenda item were being monitored by staff and if any are amended in a way that directly impacts the CBA, an analysis will be prepared and presented at a future meeting.

The LC did not take any action on these agenda items.

#### B. Committee on Professional Conduct.

- 1. Report of the May 13, 2021 Committee on Professional Conduct Committee Meeting.
- 2. Discussion and Possible Action Regarding the American Institute of Certified Public Accountants Official Release: New Interpretation and Related Revision, “Staff Augmentation Arrangements” Adopted February 9, 2021.

Ms. Molina Lopez reported the purpose of this agenda item was to provide the CBA with an update with respect to the AICPA's new interpretation and revision related to staff augmentation arrangements. She stated this topic was previously discussed by the CBA in July 2019 and November 2020. She stated the CBA issued a comment letter to the AICPA regarding the exposure draft and indicated that it could not support the proposal, and would monitor should a revised proposal be issued.

Ms. Molina Lopez stated in February, the AICPA issued the new interpretation and related revisions to the AICPA Code of Professional conduct incorporating the permissibility of staff augmentation arrangements. She stated the impact to California as it pertains to continued regulation, now that the AICPA adopted the proposed changes, would be that the new interpretation to independence related to staff augmentation would be allowable. She stated, as previously noted during staff's evaluations, the safeguards remain highly subjective and could prove difficult to enforce.

Ms. Molina Lopez stated given the CBA's prior position of not supporting the proposal, it will work with legal counsel to begin exploring changes to the statutes, regulations, or both, which staff will bring back for CBA consideration at a future meeting.

Ms. Salazar stated the AICPA adopted the "Staff Augmentation Arrangements" but each state needs to decide if they are going to do a carve out of any items within the draft.

The CPC did not take any action on this item.

3. Discussion and Possible Action Regarding the Fees Associated with Online Payments.

Ms. Molina Lopez reported since online credit card payments were implemented in 2018 for license renewal, the CBA has been paying the associated transaction fee of two percent per transaction amount.

Ms. Molina Lopez stated as of April 2021, the CBA has expanded the acceptance of credit cards to include online application and initial license fees as part of its online application system. She stated the potential fees from these transactions could range from \$17,000 to \$35,000 and are in addition to the fees associated with license renewal.

Ms. Molina Lopez stated the CBA received a budget augmentation for \$217,000 in fiscal year 2019-20 to address the costs associated with credit card acceptance. She stated the budget augmentation amount is

presently sufficient to address the current license renewal usage and costs associated with the online CPA application.

Ms. Molina Lopez stated the CBA is presently undergoing a fee analysis. She stated the results of the fee analysis are anticipated to be provided in fall 2021 and the outcome and subsequent regulatory or statutory fee changes could impact the CBA's costs associated with each credit card transaction amount. She stated the CBA could discuss this topic in the future, following the fee analysis and any subsequent fee changes.

Ms. Molina Lopez stated a question was raised regarding trends with other boards regarding how the fee is assessed. She stated it was indicated that boards are both covering the fee and passing the associated fee to the user. She stated a question was also raised regarding whether there was an option to invest the funds received earlier with the Control agency who oversees those activities.

Mr. Jacobson suggested as part of the fee analysis, staff contact the State Controller's Office and see if there is a way to use the money we receive from the use of a credit card to offset the fees rather than charge the licensee the fee.

Ms. Pearce stated during the CPC meeting, Mr. Jacobson stated that he would like to see a quicker investment. She stated staff will work to get a better understanding of the process as it relates to the collection of the fees. She stated the fee analysis is already underway and the contract had been set. She stated that component is not included in the fee analysis contract. She stated it might be possible for staff to gather the information first and report back. She stated then if we need to take that additional step to see if the investment of the funds could offset the transaction amount then the CBA could discuss it at that point.

The CPC did not take any action on this item and staff will provide additional information following the outcome of the fee analysis.

#### C. Enforcement Program Oversight Committee.

1. Report of the May 13, 2021 Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action Regarding Modifications to the Denial of a Retired Status License Application Pursuant to Business and Professions Code Section 5070.1.

Ms. Hinds reported the purpose of this agenda item was to provide the CBA with the opportunity to discuss possible modifications to the retired status licensure approval/denial process, specifically related to individuals

who have a permanent restricted practice order stemming from prior disciplinary action imposed by the CBA.

Ms. Hinds stated recently the CBA considered a petition request for a reduction of penalty associated with a licensee who had been on probation, but was tolling, as the licensee lived out of state. She stated the disciplinary order also included a permanent restricted practice order. She stated the licensee was requesting to have the petition granted to terminate probation and have the license placed in a retired status. She stated a question was raised regarding the ability to grant the individual's request based on language included in the enabling statute.

Ms. Hinds stated, in consultation with Legal Counsel, staff informed the committee that as the statute is presently written, the CBA would need to deny an application for retired status if the licensee has a permanent restricted practice order, as the order is still considered an outstanding order of the CBA. She stated the CBA has over 100 licensees that have a permanent restricted practice order and the number is increasing.

Ms. Hinds stated while the permanent restricted practice order is still a form of discipline, it seems reasonable that should licensees ever seek to retire the license, the CBA should be able to approve such an application.

Ms. Hinds stated should these same licensees seek to restore the license to the active status any such prior permanent restricted practice order be reinstated. She stated the removal of the permanent restricted practice orders should require licensees to appear before the CBA through the petition process.

**The EPOC recommended the CBA direct staff to explore the necessary changes to the retired status license approval/denial process, and work with Legal Counsel on possible steps to make modifications to Business and Professions Code section 5070.1 – via statute, regulation, or both – and present these to the CBA at a future meeting.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Salazar, and Mr. Savoy.**

**No: None.**

**Absent: Ms. Geong, Ms. Robinson, Mr. Silverman, and Ms. Tu.**

XV. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Molina Lopez requested information regarding Senate Bill 702 –  
Gubernatorial Appointments: Report be provided at a future CBA meeting.

President Corrigan adjourned the meeting at 12:26 p.m. on Friday,  
May 14, 2021.

\_\_\_\_\_  
Nancy J. Corrigan, CPA, President

\_\_\_\_\_  
Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, prepared  
the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CBA Item XIV.B.**  
 September 23-24, 2021  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 July 22-23, 2021  
 CALIFORNIA BOARD OF ACCOUNTANCY  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 9:16 a.m. on Thursday, July 22, 2021. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-08-21 dated June 11, 2021. The CBA convened into closed session from 2:32 p.m. until 4:56 p.m. The CBA convened into open session on Friday, July 23, 2021 at 1:31 p.m. until 4:15 p.m. President Corrigan adjourned the meeting at 4:15 p.m.

President Corrigan read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl A. León

July 22, 2021

9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 3:57 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 12:00 p.m.  
 2:30 p.m. to 4:56 p.m.

CBA Members

Luz Molina Lopez  
 Zuhdia "Dee Dee" Owens, CPA  
 Ariel Pe  
 Deidre Robinson  
 Katrina L. Salazar, CPA  
 Yen Tu

July 22, 2021

9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 9:16 a.m. to 4:56 p.m.  
 Absent  
 9:16 a.m. to 4:56 p.m.

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl A. León  
 Luz Molina Lopez  
 Zuhdia "Dee Dee" Owens, CPA  
 Ariel Pe  
 Deidre Robinson  
 Katrina L. Salazar, CPA  
 Yen Tu

July 23, 2021

1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 1:31 p.m. to 4:15 p.m.  
 Absent  
 1:31 p.m. to 4:15 p.m.

Staff and Legal Counsel

Carrie Holmes, Deputy Director, Board and Bureau Relations, Department of Consumer Affairs (DCA)  
 Patti Bowers, Executive Officer  
 Deanne Pearce, Assistant Executive Officer  
 Michelle Center, Chief, Licensing Division  
 Elizabeth Coronel, Strategic Business Analyst, DCA  
 Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
 Emmanuel Estacio, IT Support Analyst  
 Dominic Franzella, Chief, Enforcement Division  
 Helen Geoffroy, Legal Counsel, DCA  
 Suzanne Gracia, Manager, Licensing Division  
 Patrick Ibarra, Information and Planning Officer  
 Tom Jurach, Office of Information Services, DCA  
 Kari O'Connor, Manager, Enforcement Division  
 Rebecca Reed, Board Relations Analyst  
 Peter Renevitz, Legislative Analyst  
 Cesar Victoria, Television Specialist, Office of Public Affairs, DCA  
 Wayne Wilson, Special Projects Analyst

Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)  
 Kathy Johnson, CPA, Vice-Chair, EAC

Michael L. Williams, CPA, Vice-Chair, Qualifications Committee (QC)

Other Participants

William Bennett, Administrative Law Judge, Office of Administrative Hearings

Kevin Gram Breard, Petitioner

Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)

Steven Krell, Petitioner

Mark Patterson, Diamond Court Reporters

Daniel Robles, Petitioner

Aaron Seawell, Department of General Services

I. Petition Hearings.

- A. Kevin Gram Breard, CPA 41061/Breard & Associates, Inc. Certified Public Accountants, COR 3059 – Petition for Termination of Probation and Reduction of Penalty.

The CBA heard Kevin Gram Breard's petition for termination of probation and reduction of penalty.

- B. Steven Krell, CPA 34692 – Petition for Reinstatement of Revoked Certificate.

The CBA heard Steven Krell's petition for reinstatement of revoked certificate.

- C. Daniel Robles, CPA 125631 – Petition for Reduction of Penalty.

The CBA heard Daniel Robles' petition for reduction of penalty.

- II. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Petitions.

- III. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.

- A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

- B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

- C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.



IV. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

V. Public Comments for Items not on the Agenda.

No public comments were received.

VI. Report of the President.

A. Resolution for Retired Peer Review Oversight Committee Member, Kevin W. Harper, CPA.

**It was moved by Ms. Robinson and seconded by Mr. Pe to approve the resolution for Kevin W. Harper, CPA.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

B. Discussion and Possible Action on the CPA Evolution Survey Regarding Draft Core and Discipline Content.

Ms. Center stated for this item the CBA was asked to discuss and provide feedback in response to the American Institute of Certified Public Accountants' (AICPA) CPA Exam Core and Discipline Content Survey related to the 2024 Uniform Certified Public Accountant Examination (CPA Exam) content.

Ms. Center noted under the CPA Evolution licensure model, all candidates will be required to pass three core exam sections covering Accounting, Auditing and Attestation, and Taxation. She also noted each candidate will also choose a discipline in their area of interest to demonstrate greater knowledge and skills and currently the disciplines are proposed to be Business Analysis and Reporting, Information Systems and Controls, and Tax Compliance and Planning.

Ms. Center stated technology concepts will be incorporated within all core and discipline sections. She noted regardless of a candidate's chosen discipline, the CPA Evolution model leads to CPA licensure, with rights, privileges, and responsibilities consistent with the present CPA license.

Ms. Center stated at the 2021 National Association of State Boards of Accountancy (NASBA) Regional Meeting, the AICPA provided a high level summary of the initial draft content for each of the proposed core and discipline sections of the 2024 CPA Exam.

Ms. Center indicated the survey was distributed to all state boards of accountancy, state societies, accounting firms, business and industry, and academia and provides an opportunity to flag concerns with the initial draft prior to releasing the full exposure draft in July 2022.

Ms. Center noted the survey requests that the respondents indicate their agreement with the proposed content of each proposed core and discipline content area by responding with strongly disagree, disagree, agree, strongly agree, or N/A.

Ms. Center indicated any feedback of disagree requests an explanation. She stated as the CBA reviews the content, it may wish to consider if any proposed core and discipline sections could lessen or otherwise impact its consumer protection mission.

Ms. Center noted the survey will need to be submitted by September 7, 2021.

Ms. Center stated President Corrigan may wish to solicit feedback related to the proposed content now or, if members need additional time, she may wish to consider allowing members to provide feedback to staff in writing no later than August 16, 2021.

Ms. Center noted any decision that the CBA takes today regarding this survey is limited to the CBA's survey submission and does not prohibit a CBA member from responding as an individual to the survey, if they wish to do so.

President Corrigan suggested members submit their feedback to the survey questions once they have had time to review so staff can prepare a summarized response to the survey questions. She noted she can work with staff to provide a response to the survey.

Ms. Owens stated she would prefer to review the survey and provide her feedback to staff regarding the survey.

Mr. Savoy indicated a lot of time and effort had gone into the preparation of the survey and suggested members take the time to review the survey and provide feedback to staff. He stated this has a great impact on the future of the CPA Exam.

Mr. Jacobson inquired if members submitting their feedback to staff would create an issue with the Bagley-Keene Open Meeting Act.

Ms. Geoffroy stated it would not since members would not be discussing the survey amongst themselves but would be submitting feedback to staff for response.

Ms. Corrigan noted any feedback members may have should be provided to Ms. Bowers.

**It was moved by Mr. Savoy and seconded by Ms. Robinson to table further discussion regarding the survey to allow more time for CBA Members to review the survey questions and work with staff to submit the survey questions.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

**C. Department of Consumer Affairs Director's Report on Departmental Activities.**

Deputy Director Carrie Holmes reported COVID-19 has continued to affect DCA's work for over a year. She stated California reached a major milestone June 15, 2021 and the economy is officially back open. She indicated staff have made a sacrifice to assist California, when they continued to serve throughout the pandemic under a 10% pay cut. She noted the 10% pay cut has been reversed and DCA is working with all Boards and Bureaus to manage any budgetary impacts.

Deputy Director Holmes stated Los Angeles County issued a revised health order requiring face coverings to be worn by both vaccinated and unvaccinated individuals while indoors. She indicated both Sacramento and Yolo Counties issued new guidance recommending fully vaccinated employees and individuals wear face coverings when indoors.

Deputy Director Holmes indicated there have been many inquiries on when and how DCA Boards will meet again in-person and whether they can continue to meet remotely. She reported the ability of boards to meet remotely was tied to the Governor's Executive Orders and the state of emergency. She indicated the executive order allowing remote meetings was set to expire September 30, 2021. She stated at that time boards will be required to follow all aspects of the Bagley-Keene Open Meeting Act, including publicly noticed and accessible locations, unless a change in law

happens. She recognized the value of the cost savings and increased public participation associated with remote meetings options. She noted in the meantime, DCA will do all it can to assist boards and bureaus to transition safely to in-person meetings and will keep boards and bureaus informed of any changes to the meeting requirements.

Deputy Director Holmes reported DCA was looking into what changes can be made permanent for efficiency and employee well-being, such as telework and eliminating paper processes. She stated DCA was also looking at system-wide improvements to increase efficiency, consumer protection, and customer service.

Deputy Director Holmes stated President Nancy Corrigan and Executive Officer Bowers attended a DCA leadership meeting where DCA Director, Kimberly Kirchmeyer, provided guidance regarding telework. She noted more formal policies are under development.

Deputy Director Holmes indicated DCA held a brown-bag lunch session, which included a discussion of digital licensing. She stated boards discussed the benefits and drawbacks of moving away from paper to digital credentials. She noted the discussion is ongoing and if boards would like to pursue any digital licensing options, DCA would be able to assist.

Deputy Director Holmes reminded members 2021 was a mandatory Sexual Harassment Prevention (SHP) Training year. She noted all employees and board members were required to complete the training during the year. She advised that members should access the training through the Learning Management System, which was DCA's training portal.

President Corrigan noted she appreciated the brown-bag sessions and leadership trainings and that they are very informative.

Mr. Savoy inquired when the SHP training must be completed.

Deputy Director Holmes stated the training must be completed within this calendar year.

Mr. Silverman stated it is important to hear from board members whose perspective is that in-person meetings provide a much more effective forum for both deliberation and questioning of witnesses when there are disciplinary hearings. He indicated he hoped that is not lost in the advantages and money saving by the remote meetings and that there would be availability to combine both in-person and remote meetings.

Deputy Director Holmes recognized the benefits of in-person meetings. She stated there are benefits to remote meetings in terms of convenience and participation but nothing can replace the in-person connection between

members and the public. She noted DCA supported both options and is working on the ability for board and committees to have hybrid meetings.

Mr. Jacobson stated there was a difference with being able to question a witness in-person and virtually. He agreed with Mr. Silverman regarding in-person meetings being more effective for questioning witnesses and deliberating on matters. He stated it was also important for members to have that in-person contact with one another during breaks and lunches so that members can get to know one another.

VII. Report of the Vice-President.

- A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Mr. Savoy and seconded by Mr. Jacobson to reappoint Jackson G. Johnson, CPA.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Molina Lopez and Ms. Salazar.**

**Abstain: None.**

- B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.

There was no report on this agenda item.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**It was moved by Mr. Savoy and seconded by Ms. Geong to appoint Laura L. Ross, CPA.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Molina Lopez and Ms. Salazar.**

**Abstain: None.**

VIII. Report of the Secretary/Treasurer.

A. Discussion of the Fiscal Year 2020-21 Fiscal Month 10 Financial Report.

Mr. Silverman reported the CBA budget authority for the current fiscal year (FY) remains set at \$16,323,000.

Mr. Silverman indicated the CBA's budget for FY 2021-22, which began July 1, 2021 was approved in the amount of \$17,611,000.

He stated actual expenditures and encumbrances as of April 30, 2021 were over \$12.1 million and represented about 74% of the CBA's budget. He reported the CBA is projected to end FY 2020-21 with a budget surplus of approximately 10%.

Mr. Silverman noted the CBA's revenue reflects an increase of more than 29.6% over the same period in the FY 2019-20. He stated this was due to the license renewal and initial licensing fee increases that became effective January 1, 2020. He indicated the projected revenue through the end of FY 2020-21 was approximately \$17 million.

Mr. Silverman stated the fund condition projected the CBA will end the current FY with 7.9 months in reserve.

IX. Report of the Executive Officer.

A. Overview of the Features Consumers Can Use to Obtain Information on Licensees.

Ms. Pearce provided a demonstration of the CBA's website features consumers can use to obtain information on licensees.

Ms. Owens inquired on how long it takes the enforcement actions to be posted to the CBA's website, once the CBA takes action on a matter.

Ms. Pearce stated when the CBA takes action on a matter, it is effective about 30 days after. She noted once that occurs, staff works on getting the information sent out to the respondent. Once the information is sent to the respondent, IT staff post the action to the website within a few days of the effective date.

Ms. Robinson indicated the presentation was very informative and commended staff on the presentation.

B. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Ibarra reported staff are working on developing a virtual event that will be hosted by the CBA. He stated the agenda will include presentations similar to previous outreach events and will also feature a panel discussion with CBA members and other CPAs. He noted staff will be working with President Corrigan to finalize the agenda and presenters.

Mr. Ibarra stated the communications team has been working on getting the word out regarding the CBA's Online Application for licensure. He noted the video staff created regarding the new feature had been viewed over 2,200 times across the CBA's social media platforms and website. He indicated staff are working on a second video that will focus on instructions for the online application.

Mr. Ibarra noted in June, he had the privilege of creating a video for DCA encouraging our licensees to get vaccinated for COVID-19.

Mr. Ibarra indicated efforts continue to publicize the CBA opening and the vacancies on the CBA's advisory committees. He noted in addition to social media posts spotlighting these opportunities, a brochure about serving on the committees was created and should be posted on the website shortly. He stated staff are working on creating two videos featuring President Corrigan to help promote opportunities to fill both committee and CBA member vacancies.

Mr. Ibarra reported the CBA's social media pages continued to grow and had over 9,650 followers across the CBA's three social media pages. He noted recent posts featured a congratulation to the Class of 2021, and referred them to instructions for submitting transcripts, and asked for feedback for the development of the CBA's 2022-24 Strategic Plan. He stated there was also a post that encouraged Californians to conserve energy during Flex Alerts, which was a request from the Governor's Office.

Ms. Molina Lopez stated her appreciation of the CBA's video message regarding vaccinations. She noted she was excited about the CBA's updated website.

Ms. Owens indicated she was available to assist with future outreach events.

X. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the July 8, 2021 Enforcement Advisory Committee Meeting.

Mr. Aguilera reported the EAC conducted three Investigative Hearings via WebEx.

2. Approval of the 2022 Enforcement Advisory Committee Meeting Dates.

**It was moved by Ms. Tu and seconded by Mr. Jacobson to approve the 2022 Enforcement Advisory Committee Meeting Dates.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

B. Qualifications Committee.

There was no report on this agenda item.

C. Peer Review Oversight Committee.

There was no report on this agenda item.

XI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this agenda item.

Ms. Tu inquired on how enforcement would normally deal with the unexpected increases on unlicensed activity.

Mr. Franzella stated while there have been an influx of unlicensed complaints, the number of complaints overall is not out of the norm. He noted there were over 3,000 complaints in FY 2018-19, compared to the 2,500 that have been received so far in FY 2020-21.

Ms. Molina Lopez stated even with COVID over the last year, the amount of unlicensed activity complaints was significant compared to two years ago. She inquired if there was any effort to try and gain some insight into why there is a significant increase.



Mr. Franzella indicated he does not know if unlicensed activity is more prevalent now than it was the last two years or if there has been an increase in the reporting of unlicensed activity. He noted one reason for the increase could be the link that was posted to the CBA website to report unlicensed activity.

Mr. Jacobson inquired if the complaints regarding unlicensed individuals included individuals that do not hold a CPA license or licensees with an expired or cancelled license.

Mr. Franzella stated the information regarding unlicensed activity that was provided in the report generally is categorized the way it is because the individual was actually a licensed CPA who may have let their license lapse or their license has been canceled. He indicated an individual without a CPA license would likely be those who are in some way either intentionally or unknowingly using words or terminology that would be protected under the Accountancy Act and the regulations and actually are not licensed. He noted it could be a balance of both that could be occurring.

Ms. Geong inquired if the online License Look-Up feature on the CBA's website could have contributed to the increase in unlicensed activity complaints and if there might be a greater increase as more consumers access the license look-up feature.

Mr. Franzella stated the intent was to have consumers be able to report unlicensed activity in a quicker and easier manner. He noted he was unsure if that was going to transition over a period of time but staff will continue to monitor unlicensed activity.

## XII. Report of the Licensing Chief.

### A. Licensing Activity Report.

Ms. Gracia provided an overview of this agenda item.

## XIII. Meeting Minutes.

### A. Adoption of the Minutes of the May 13-14, 2021 California Board of Accountancy Meeting.

This item was deferred to a future meeting.

### B. Acceptance of the Minutes of the May 13, 2021 Committee on Professional Conduct Meeting.

### C. Acceptance of the Minutes of the May 13, 2021 Legislative Committee Meeting.

- D. Acceptance of the May 13, 2021 Enforcement Program Oversight Committee Meeting.
- E. Acceptance of the Minutes of the May 6, 2021 Enforcement Advisory Committee Meeting.

**It was moved by Mr. Silverman and seconded by Ms. Hinds to accept items XIII.B. through XIII.E., which include non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: Ms. Robinson.**

#### XIV. Other Business.

##### A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

- a. State Board Committee.

Ms. Salazar provided a written report for this agenda item.

##### B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar provided a written report for this agenda item.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

- a. Continuing Professional Education Committee.

There was no report on this agenda item.

b. Relations With Member Boards Committee.

Ms. Salazar provided a written report for this agenda item.

c. Strategic Planning Task Force.

There was no report on this agenda item.

d. Report of the June 22-23, 2021 Regional Meeting.

President Corrigan reported the Regional Meeting was led by CBA member and Regional Director, Katrina L. Salazar, CPA. She stated the conference brought together four eastern and four western regions of state boards.

President Corrigan stated the discussion included the CPA pipeline, trying to remove barriers to entry and also attract diverse candidates. She indicated there has been a general decline in accounting graduates and those sitting for the CPA Exam, pre and post COVID-19. She noted the reasons for the decline are being analyzed. She stated larger CPA firms are recruiting students into consulting rather than traditional services that require a CPA license.

President Corrigan reported there is a movement to remove state lines and barriers to encourage mobility. She stated this also combats the effort that members have heard about over time to deregulate licenses and efforts to reduce regulatory oversight and ease entry for occupations and professions.

President Corrigan stated there was discussion regarding the new CPA Exam content including data analytics and business understanding. She noted the focus will be on candidates with one to two years of experience. She indicated questions pertaining to such topics as state tax, international reporting standards that are beyond the one or two year experience are being removed from future exams so candidates are truly being tested on the knowledge to which they should be exposed.

President Corrigan reported core areas of the CPA Exam were in the process of being defined. She indicated members would have a chance to provide input. She noted once NASBA receives input from the various boards, an exposure draft will be released for more formal responses to the exam content.

President Corrigan stated transitioning from the current CPA Exam format to the new exam format was discussed. She noted the transition

is being planned very carefully so candidates are not penalized for sections that they passed under the current format and transitioning to taking the remainder of their exams under the new format.

President Corrigan indicated progress was being made on remote CPA Exam testing. She stated NASBA and the AICPA are still working on technical issues, operating policies, system integration, and security. She noted they are not in a hurry to rush for pilot testing until some of the key issues are resolved. She noted remote testing is not planned for continued use but rather for emergency use only. She indicated currently 54 states and jurisdictions would accept remote test scores and Colorado's decision is currently pending.

President Corrigan stated there was discussion regarding education accreditation and changes in the process that make it easier for students to transfer between institutions.

President Corrigan reported regarding CPA Evolution, that NASBA and the AICPA are providing resources to colleges covering data analytics and other technology areas in the format of one to two class sessions to aid with the education gap to bring students up to par with the new CPA Exam that will be launched in January of 2024.

President Corrigan stated there was discussion regarding the Accounting STEM Pursuit Act, which was introduced by Congress. She indicated STEM includes science, technology, engineering, and mathematics, adding accounting as a part of STEM. She noted this would promote career awareness in accounting and would be a valuable career pathway and would encourage diversity in the future.

President Corrigan indicated she attended a regional breakout session that included issues brought up by various states regarding the pipeline, diversity, and conducting outreach events and how this can help with pipeline and diversity issues. She stated other topics discussed included unlicensed CPA work being performed for mobility issues, the impact COVID-19 has had on testing centers, budget and possible government shutdowns, staffing and advisory committee needs, and the anti-licensing regulation environment.

President Corrigan reported she also attended a meeting for board presidents and chairs, which discussed CPA firms' staff shortages, pipeline issues, whether the 150 hour education requirement was a detriment to the profession, low salaries for CPAs, the need to repackage the CPA image to make it more attractive for new candidates and keep the current candidates interested, and the question of whether colleges will be ready for the new exam in January 2024.

XV. Report on the Legislative Committee, Committee on Professional Conduct, and Enforcement Program Oversight Committee.

A. Committee on Professional Conduct.

1. Report of the July 23, 2021 Committee on Professional Conduct Meeting.
2. Discussion and Possible Action Regarding the Elimination of the Second Signature Requirement from the Certificates of General and Attest Experience.

Ms. Molina Lopez reported the purpose of this agenda item was to consider amendments to California Code of Regulations, Title 16 CBA Regulations, sections 12 and 12.5 to eliminate the second signature requirement on Certificates of General and Attest Experience.

Ms. Molina Lopez stated CPA licensing applicants are required to obtain 12 months of general accounting experience under the supervision of a licensed, active CPA. She noted applicants seeking authority to sign attest reports must also complete a minimum of 500 hours of attest experience under the supervision of a licensed, active CPA that has authority to perform attest services.

Ms. Molina Lopez indicated CBA Regulations sections 12 and 12.5 state that experience must be verified by the licensee supervising the experience and by a second person with a higher level of responsibility. She stated since the time of the posting of the item, staff were able to review requirements for all other state boards of accountancy, and they did not find any state that required a second supervisor to verify experience.

Ms. Molina Lopez experienced technical difficulties and Ms. Pearce provided the remainder of the report.

Ms. Pearce stated a review of the Uniform Accountancy Act model rules was also conducted by staff. She stated the model rules indicate that experience should be verified by “a licensee” – thus providing additional support for the removal of a second signature requirement.

Ms. Pearce indicated the amendment would not pose any risk and this change would enhance entry into the accounting profession. She noted during public comment, Jason Fox with CalCPA also voiced support for eliminating the second signature.

Ms. Molina Lopez’s technical issues were remedied and Ms. Molina Lopez was able to continue with the CPC’s recommendation.

**The CPC recommended the CBA direct staff to work with the Department of Consumer Affairs' legal counsel to draft proposed amendments to CBA Regulations sections 12 and 12.5 and incorporated certificate of experience forms for the CBA's consideration at a future meeting.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

**B. Legislative Committee.**

1. Report of the July 23, 2021 Legislative Committee Meeting.
2. California Board of Accountancy 2021 Legislative Tracking Chart, Reference Document Regarding Possible Positions for Legislation, and the Legislative Calendar for 2021.

Ms. León reported staff provided an overview of the Legislative Tracking Chart, which contained the previous positions taken on bills by the CBA through the May 2021 CBA meeting. She noted staff also indicated that this agenda item has been augmented with the Legislative Calendar and a guide on possible positions on Legislation, both for reference purposes.

3. Update, Discussion, and Possible Action on Legislation Which the California Board of Accountancy Has Taken a Position.
  - a. Assembly Bill 29 – State Bodies: Meetings.
  - b. Assembly Bill 107 – Licensure: Veterans and Military Spouses.
  - c. Assembly Bill 298 – Accountancy: California Board of Accountancy.
  - d. Assembly Bill 646 – Department of Consumer Affairs: Boards: Expunged Convictions.
  - e. Assembly Bill 885 – Bagley Keene Open Meeting Act: Teleconferencing.
  - f. Assembly Bill 1026 – Business Licenses: Veterans.

- g. Assembly Bill 1316 – School Accountability: Financial and Performance Audits: Charter Schools: Contracts.
- h. Assembly Bill 1386 – License Fees: Military Partners and Spouses.
- i. Senate Bill 607 – Professions and Vocations: Citations: Minor Violations.
- j. Senate Bill 772 – Professions and Vocations: Citations: Minor Violations.

Ms. León reported most of the bills under this agenda item were currently two-year bills, which will not be eligible for further action until 2022. She indicated staff did provide a brief update on Assembly Bill (AB) 107, AB 298, and Senate Bill (SB) 607, which had minor amendments since the May CBA meeting.

The LC did not take any action on these items.

#### 4. Review and Consideration of Possible Positions on Legislation.

- a. Assembly Bill 105 – The Upward Mobility Act of 2021: Boards and Commissions: Civil Service: Examinations: Classifications.

Ms. León reported AB 105 would require, beginning January 1, 2022, all state boards and commissions to have at least one volunteer member from an underrepresented community. She stated this requirement will only apply as vacancies occur. She indicated AB 105 requires the State Personnel Board to prescribe, and the Department of Human Resources (CalHR) to oversee compliance with appointments, classifications, and examinations. She stated the bill authorizes CalHR to 1) conduct audits and investigations of personnel practices and 2) investigate complaints. She stated AB 105 requires CalHR to develop model upward mobility goals by July 1, 2022.

Ms. León noted the LC discussed seeking clarification regarding including individuals with disabilities in the legislation.

**The LC recommended the CBA take a Watch position on AB 105.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

b. Senate Bill 702 – Gubernatorial Appointments: Report.

Ms. León reported SB 702 would require the Governor's Office convene a working group to discuss and make recommendations on the most effective way to ensure the state's leadership on boards and commissions reflects diversity in age, ethnicity, gender, gender identity, disability status, region, veteran status, and sexual orientation, among other things. She indicated the bill specifies the composition of the working group, identifies the issues its recommendations shall address, and details information to be reported annually to the Legislature and made available to the public on the Governor's website. She stated the working group shall meet beginning April 1, 2022, and meet five additional times before May 1, 2023, then complete its work before being sunset on January 1, 2024.

Ms. León stated the LC discussed implementation and whether data presently exists regarding representation on boards and commissions.

Ms. Hinds stated during the LC meeting this legislation would be helpful to set the stage to bring a balanced representation to boards and commissions.

Ms. Molina Lopez disclosed that she was in support of Hispanas Organized for Political Equality, otherwise known as HOPE. She noted HOPE was one of the sponsors of SB 702. She stated that she was also in support of the action the LC took on SB 702.

**The LC recommended the CBA take a Support position on SB 702.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

c. Senate Bill 731 – Criminal Records: Relief.

Ms. León reported SB 731 would make an arrest for a felony where there is no indication that the criminal proceeding has been initiated at



least three years after the arrest eligible for relief. She noted SB 731 also amends existing law to provide that if the arrest was for a jail or prison felony with a sentence of eight or more years, the record of that arrest shall be eligible for relief when no criminal proceedings have happened six years after the arrest. She stated the bill would make all felonies eligible for relief, not just jail felonies, and provides that if the defendant was on mandatory supervision, the parole officer shall notify the prosecuting attorney when a petition is filed.

Ms. León noted during the LC meeting, Ms. Hinds raised the concern about the limitation on the CBA's ability to receive information on individuals if the felony or felony financial crime is directly and adversely related to the functions, qualifications, or duties of a CPA at any time in the past as a result of this bill. She stated Ms. Hinds also wondered if the financial crime aspect of this bill would make CBA enforcement easier or harder. Ms. León noted Ms. Hinds also requested staff determine what, if any, regulations may be needed and the committee supported staff working with the author's office to discuss amendments to mitigate the CBA's impact.

**The LC recommended the CBA take a Watch position on SB 731.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

5. Review and Possible Consideration on Legislation the California Board of Accountancy is Monitoring.
  - a. Assembly Bill 2 – Regulations: Legislative Review: Regulatory Reform.
  - b. Assembly Bill 69 – State of Emergency: Termination After 60 Days: Extension by the Legislature.
  - c. Assembly Bill 225 – Department of Consumer Affairs: Boards: Veterans: Military Spouses: Licenses.
  - d. Assembly Bill 305 – Veteran Services: Notice.
  - e. Assembly Bill 339 – Local Government: Open and Public Meetings.

- f. Assembly Bill 343 – California Public Records Act Ombudsperson.
- g. Assembly Bill 473 – California Public Records Act.
- h. Assembly Bill 587 – Social Media Companies: Terms of Service.
- i. Assembly Bill 703 – Open Meetings: Local Agencies: Teleconferences.
- j. Assembly Bill 1273 – Interagency Advisory Committee on Apprenticeship: the Director of Consumer Affairs and the State Public Health Officer.
- k. Assembly Bill 1291 – State Bodies: Open Meetings.
- l. Senate Bill 209 – State of Emergency: Termination After 45 Days: Extension by the Legislature.
- m. Senate Bill 452 – State Government: Immigrant and Refugee Affairs Agency: Office of Immigrant and Refugee Affairs.
- n. Senate Bill 593 – School Accountability: Independent Study, Educational Enrichment Activities, Oversight, and Audit Requirements.

Ms. León stated the bills in this agenda item were being monitored by staff and if any are amended in a way that directly impacts the CBA, an analysis will be prepared and presented at a future meeting.

The LC did not take any action on these agenda items.

#### C. Enforcement Program Oversight Committee.

1. Report of the July 23, 2021 Enforcement Program Oversight Committee Meeting.
2. Discussion and Possible Action Regarding the Use of the American Institute of Certified Public Accountant's .CPA Domain.

Ms. Hinds reported this agenda item was being discussed at the request of a CBA member. She stated in September 2020, the AICPA launched, through its tech subsidiary CPA.com, a new .cpa internet domain. She indicated as part of this release, the AICPA issued a positioning paper titled "Introducing .CPA, A Restricted Domain Exclusively for the CPA Profession."

Ms. Hinds stated according to the information available from the AICPA, the domain names are issued on a first-come, first-serve basis and the AICPA does a license verification check at registration and renewal.

Ms. Hinds noted for those subscriptions over a year long, the AICPA says it will take a risk-based approach to determining if at least one subscriber holds a valid license.

Ms. Hinds indicated on the AICPA's website the following are eligible to apply for and receive a .cpa domain: 1) a CPA firm with a CPA firm license issued by a state board of accountancy, and/or, 2) an individual with a CPA license issued by a state board of accountancy. She noted after a further review of the terms and conditions on the website, the AICPA lists a third category of a "not-for-profit professional organization exclusively engaged in supporting the profession and/or in representing the profession's interests."

Ms. Hinds noted staff did identify that at least one CPA society has registered such a domain name, the Texas CPA society.

Ms. Hinds stated staff identified a few areas of concern the CBA should consider related to the impact of a CPA or CPA firm now being able to obtain a .cpa domain, which include, name style, periods of inactivity and delinquency, and non-licensees use of the CPA designation.

Ms. Hinds indicated staff did reach out to NASBA regarding whether the UAA Model Rules may be updated to address the use of the .cpa domain name and have been informed no such changes are being contemplated at this time.

Ms. Hinds noted staff identified one state, Arizona, which maintains some level of flexibility to offer policy statements regarding the enforceability of certain statutes and adopted regulations.

Ms. Hinds stated the Arizona Board of Accountancy issued a Substantive Policy Statement that took a position that email addresses and domain names that do not exactly match the CPA or CPA firm name found on a license would not be considered a violation of Arizona's statutes.

Ms. Hinds indicated the CBA does not have such authority to issue these types of interpretations and that any interpretations of its statutes require that the CBA adopt regulations when it will be applied generally across the effected population.

Ms. Hinds noted given that the .cpa domain usage is likely to become more prevalent over the coming years, it may be necessary for the CBA to update its statutes and regulations to provide an effective framework

from which to ensure appropriate levels of consumer protection while still allowing licensees and accounting firms the ability to use the .cpa domain.

**The EPOC recommended the CBA direct staff to work with legal counsel, NASBA, the AICPA, and other stakeholders regarding modifications to its statutes and regulations that will allow for an effective regulation of the CPA designation when used for purposes of the .cpa domain.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Owens, Mr. Pe, Ms. Robinson, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: Mr. Savoy.**

XVI. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Molina Lopez requested staff bring back information regarding unlicensed activity to a future meeting.

President Corrigan adjourned the meeting at 4:15 p.m. on Friday, July 23, 2021.

\_\_\_\_\_  
Nancy J. Corrigan, CPA, President

\_\_\_\_\_  
Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**CPC Item II.**  
**CBA Item XIV.C.**  
 September 23, 2021  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**July 23, 2021**  
**COMMITTEE ON PROFESSIONAL CONDUCT MEETING**  
**TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Committee on Professional Conduct (CPC) Chair, Luz Molina Lopez, called the meeting to order at 9:00 a.m. on Friday, July 23, 2021. The CPC held its meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-08-21.

Ms. Lopez read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

CPC Members

Luz Molina Lopez, Chair  
 Mark J. Silverman, Esq., Vice-Chair  
 George Famalett, CPA  
 Dan Jacobson, Esq.  
 Xochitl León  
 Zuhdia "Dee Dee" Owens, CPA  
 Michael M. Savoy, CPA

July 23, 2021

9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.  
 9:00 a.m. to 9:18 a.m.

CBA Members Observing

Nancy J. Corrigan, CPA, President  
 Karriann Farrell Hinds, Esq.  
 Mary M. Geong, CPA  
 Deidre Robinson

CBA Committee Chairs and Members Observing  
Mike Williams, CPA, Vice-Chair, Qualifications Committee

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Michelle Center, Chief, Licensing Division  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Suzanne Gracia, Manager, Licensing Division  
Patrick Ibarra, Information and Planning Officer  
Tom Jurach, Office of Information Services, DCA  
Kari O'Connor, Manager, Enforcement Division  
Rebecca Reed, Board Relations Analyst  
Peter Renevitz, Legislative Analyst  
Cesar Victoria, Television Specialist, Office of Public Affairs, DCA  
Wayne Wilson, Special Projects Analyst

Other Participants

Dean Andal, The Accounting Coalition  
Pat Joyce, KP Public Affairs  
Jon Ross, KP Public Affairs

I. Public Comments for items not on the Agenda.

No public comments were received.

II. Approve Minutes of the May 13, 2021 Committee on Professional Conduct Meeting.

**It was moved by Mr. Jacobson and seconded by Ms. Owens to adopt the minutes of the May 13, 2021 CPC meeting.**

**Yes: Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Lopez, Ms. Owens, Mr. Savoy and Mr. Silverman.**

**No: None.**

**Absent: None.**

**Abstain: None.**

**The motion passed.**

III. Discussion and Possible Action Regarding the Elimination of the Second Signature Requirement from the Certificates of General and Attest Experience (Michelle Center, Chief, Licensing Division).

Ms. Center reported that the purpose of this agenda item is to provide the CBA an opportunity to consider amendments to California Code of Regulations, Title 16 CBA Regulations, sections 12 and 12.5 to eliminate the second signature requirement on Certificates of General and Attest Experience, referred to as COE forms.

She stated that CPA licensing applicants are required to obtain 12 months of general accounting experience under the supervision of a licensed, active CPA. Applicants seeking authority to sign attest reports must also complete a minimum of 500 hours of attest experience under the supervision of a licensed, active CPA that has authority to perform attest services.

Additionally, CBA Regulations sections 12 and 12.5 state that experience must be verified by the licensee supervising the experience and by a second person with a higher level of responsibility.

Ms. Center stated that stakeholders have expressed that the current requirement no longer fits how CPA firms operate and has become cumbersome to candidates and licensees. They indicated that while partners oversee the whole engagement, it is the direct supervisor responsible for assigning and reviewing the staff work that has firsthand knowledge to determine whether the work was sufficient to meet the experience requirement. Logistically, requiring a second signature by a partner can delay the process for the applicant.

She reported that a single signature requirement would be more consistent with other state boards of accountancy requirements and that a review of all the state websites indicated they only require a single supervisor signature.

Ms. Center stated that staff reviewed the National Association of State Boards of Accountancy Uniform Accountancy Act Model Rules and it states that experience should be verified by "a licensee," providing additional support for the removal of a second signature requirement.

She stated that staff recommend the CBA direct staff to work with Department of Consumer Affairs' legal counsel to draft proposed amendments to CBA Regulations sections 12 and 12.5 and incorporated COE forms for the CBA's consideration at a future meeting.

**It was moved by Mr. Savoy and seconded by Mr. Jacobson to direct staff to work with Department of Consumer Affairs' legal counsel to draft proposed amendments to CBA Regulations sections 12 and 12.5 and incorporated COE forms for the CBA's consideration at a future meeting.**

Ms. León asked if there were any risks regarding the elimination of a second signature. Mr. Savoy responded that there is no risk, and this would provide an easier path to becoming a CPA.

Ms. Lopez stated she supports this, as there are procedures in place that can make the licensure process easier, involve little risk, and it is consistent with states that have large CPA populations.

Jason Fox with CalCPA also stated their support for this change and acknowledged Ms. León's question regarding risk by reiterating that the CBA has a robust Qualifications Committee to address any questions regarding an applicants' experience for CPA licensure.

**Yes: Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Lopez, Ms. Owens,  
Mr. Savoy and Mr. Silverman.**

**No: None.**

**Absent: None.**

**Abstain: None.**

**The motion passed.**

#### IV. Agenda Items for Next Meeting.

There was no discussion regarding this item.

There being no further business to be conducted, Ms. Lopez adjourned the meeting at 9:18 a.m. on Friday, July 23, 2021.





**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



**EPOC Item II.**  
**CBA Item XIV.D.**  
 September 23-24, 2021  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**July 23, 2021**  
**ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE**  
**TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Enforcement Program Oversight Committee (EPOC) Chair, Karriann Farrell Hinds, Esq., called the meeting to order at 11:25 a.m. on Friday, July 23, 2021. The EPOC held its meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020.

Ms. Hinds read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

EPOC Members

Karriann Farrell Hinds, Esq., Chair	11:25 a.m. to 11:43 a.m.
Ariel Pe, Vice-Chair	11:25 a.m. to 11:43 a.m.
Dan Jacobson, Esq.	11:25 a.m. to 11:43 a.m.
Zuhdia "Dee Dee" Owens, CPA	11:25 a.m. to 11:43 a.m.
Deidre Robinson	11:25 a.m. to 11:43 a.m.
Katrina L. Salazar, CPA	Absent
Michael M. Savoy, CPA	11:25 a.m. to 11:43 a.m.

CBA Members Observing

Nancy Corrigan, CPA, President  
Mark J. Silverman, Esq., Secretary/Treasurer  
George Famalett, CPA  
Xochitl Leon  
Luz Molina Lopez  
Yen C. Tu

Staff and Legal Counsel

Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology (IT) Staff  
Michelle Center, Chief, Licensing Division  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Theodore Drcar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Suzanne Gracia, Manager, Licensing Division  
Patrick Ibarra, Information and Planning Officer  
Tom Jurach, Office of Information Services, DCA  
Kari O'Connor, Manager, Enforcement Division  
Rebecca Reed, Board Relations Analyst  
Peter Renevitz, Legislative Analyst  
Cesar Victoria, Television Specialist, Office of Public Affairs, DCA

Other Participants

Jason Fox, Vice President of Government Relations, CalCPA  
Pat Joyce, KP Public Affairs

I. Public Comments for Items not on the Agenda.

No public comments were received.

II. Approve Minutes of the May 13, 2021 Enforcement Program Oversight Committee Meeting.

**It was moved by Ms. Robinson and seconded by Mr. Pe to approve the minutes of the May 13, 2021 Enforcement Program Oversight Committee Meeting.**

**Yes: Ms. Hinds, Mr. Jacobson, Ms. Owens, Mr. Pe, Ms. Robinson, and Mr. Savoy.**

**No: None.**

**Absent: Ms. Salazar.**

III. Discussion and Possible Action Regarding the Use of the American Institute of Certified Public Accountant's .CPA Domain (**Dominic Franzella, Chief, Enforcement Division**).

Mr. Franzella reported that the purpose of this item is based on a request from a CBA member. He noted that in September 2020, the AICPA launched, through its tech subsidiary CPA.com, a new .cpa internet domain. As part of this release, the AICPA issued a positioning paper titled "Introducing .CPA, A Restricted Domain Exclusively for the CPA Profession."

Mr. Franzella reported that domain names are issued on a first-come, first-serve basis, and the AICPA does a license verification check at registration and renewal; however, for subscriptions over a year long, the AICPA will take a risk-based approach to determining if at least one subscriber holds a valid license. Additionally, the following are eligible to apply for and receive a .cpa domain: (1) a CPA firm with a CPA firm license issued by a state board of accountancy, and/or, (2) an individual with a CPA license issued by a state board of accountancy.

Mr. Franzella noted that upon further review of the terms and conditions on the website, the AICPA lists a third category. A "not-for-profit professional organization exclusively engaged in supporting the profession and/or in representing the profession's interests." He further noted that staff identified a few areas of concern the CBA should consider related to the impact of a CPA or CPA firm now being able to obtain a .cpa domain, which include, Name Style, Periods of Inactivity and Delinquency, and Non-Licensees Use of the CPA Designation.

Mr. Franzella stated that he reached out to NASBA regarding whether the UAA Model Rules may be updated to address the use of the .cpa domain name and have been informed no such changes are being contemplated at this time. He further stated that that given that the .cpa domain usage is likely to become more prevalent over the coming years, it may be necessary for the CBA to update its statutes and regulations to provide an effective framework from which to ensure appropriate levels of consumer protection while still allowing licensees and accounting firms the ability to use the .cpa domain.

**It was moved by Ms. Owens and seconded by Ms. Robinson to direct staff to work with legal counsel, NASBA, the AICPA, and other stakeholders regarding modifications to its statutes and regulations that will allow for an effective regulation of the CPA designation when used for purposes of the .cpa domain.**

**Yes: Ms. Hinds, Mr. Jacobson, Ms. Owens, Mr. Pe, Ms. Robinson, and Mr. Savoy**

**No: None.**

**Absent: Ms. Salazar.**

**Abstain: None.**

IV. Agenda Items for Next Meeting.

There was no discussion regarding this item.

Adjournment

Ms. Hinds adjourned the meeting at 11:43 a.m.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**CPC Item III.**  
**CBA Item XVI.A.2.**  
September 23-24, 2021

**Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement**

**Presented by: Dominic Franzella, Chief, Enforcement Division**

---

**Purpose of the Item**

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to consider taking action to amend California Code of Regulations, Title 16 (CBA Regulations) sections 41 and 50.1 to address select accounting firms that provide attest services when the ownership is comprised solely of certified public accountants (CPA) who have not completed the attest experience requirement.

**Consumer Protection Objectives**

Ensuring licensees, including accounting firms, are providing services to consumers in accordance with established professional standards is consistent with the CBA's consumer protection mission.

**Action(s) Needed**

The CBA is being asked to review and approve the proposed language for CBA Regulations sections 41 and 50.1 and direct staff to initiate the rulemaking process.

**Background**

At its July 2019 meeting, the Enforcement Program Oversight Committee (EPOC) discussed accounting firms providing attest services where the licensee owners have not completed the attest experience requirement.

After discussion, the EPOC recommended to the CBA, which the CBA adopted, to have the Committee on Professional Conduct (CPC) deliberate on various policy issues associated with licensees who have not completed the attest experience requirement who are sole owners of accounting firms that provide attest services.

## **Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement**

Page 2 of 4

In January 2020, the CPC discussed and recommended to the CBA that staff explore statutory changes, regulatory changes, or both to require the following for accounting firms providing attest services where the licensee owners have not completed the attest experience requirement:

1. Disclose to their peer reviewers that no owner is authorized to sign reports on attest engagements.
2. Include in their engagement letters for attest services, a notification to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm.
3. Require ownership take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.
4. Require accounting firms to make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm for purposes of any investigation conducted by the CBA.

### **Comments**

Items 1 and 2 can be accomplished via a regulatory change and items 3 and 4 will require a statutory change. The proposals being presented in this agenda item focus on the regulatory changes. The items requiring a statutory change will be presented in a separate agenda item at a future meeting.

In response to CBA direction, staff have drafted proposed amendments to CBA Regulations section 41 – Peer Reviewer Notification and 50.1 – Attest Client Notification Regarding Composition of Firm Ownership.

#### **Peer Reviewer Notification**

Accounting firms that perform accounting and auditing services (which includes attest services) must complete a peer review once every three years. Accounting firms are responsible for compliance with the peer review requirement. As part of peer review, the peer reviewer will take a cross-section of accounting and auditing work performed by the accounting firm, including work performed by all signers of the reports.

In cases where the owners are not authorized to sign the reports, presumably the cross-section will take into consideration any reports issued by the accounting firm. Personnel that signed the attest reports may no longer work for the accounting firm, or the accounting firm may have hired an outside contractor to perform the work.

The proposed amendments to CBA Regulations section 41 (**Attachment 1**) require that prior to the commencement of the peer review, the accounting firm must provide

## **Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement**

Page 3 of 4

notice to the Peer Reviewer or Peer Review Team, the ownership composition of the firm, including whether any owner(s) are not authorized to sign reports on attest engagements.

### **Attest Client Notification Regarding Composition of Firm Ownership**

CBA Regulations section 50.1 requires notification to the client regarding the fact that the owners of the accounting firm are not authorized to sign reports on attest engagements. Accounting firms must comply with this prior to engaging in these services.

Presently, accounting firms can accomplish this notification in one of two ways:

1. Through written notification signed and dated by the client or prospective client and retained in the client's records, which states that the client or prospective client understands that no owners are authorized to sign reports on attest engagements; or
2. Posting a written notice on the accounting firm's website disclosing the owners' names and whether each is authorized to sign reports on attest engagements.

The proposed amendment to CBA Regulations section 50.1 (**Attachment 2**) would require accounting firms with non-licensee owners that provide attest services, to provide a notification<sup>1</sup> to the client of the name and license number of the CPA that the firm has authorized to sign the attest report on behalf of the accounting firm. The proposed amendment also removes the website posting notification method, ensuring the consumer receives a more direct notification.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

If the CBA supports the proposed regulatory language for CBA Regulations sections 41 and 50.1, staff recommend that the CBA make a motion to:

- approve the regulatory text in CBA Regulations sections 41 and 50.1,
- direct staff to submit the text to the Director of the Department of Consumer Affairs and the Business, Consumer Services, and Housing Agency for review; and

---

<sup>1</sup> The notification may be accomplished through an engagement letter; however, the proposed language provides flexibility.

**Discussion and Possible Action to Initiate a Rulemaking to Title 16, California Code of Regulation Section 41 – Firm Responsibilities and Section 50.1 – Client Notification, Regarding Accounting Firms Providing Attest Services With Ownership Comprised Solely of Certified Public Accountants Who Have Not Completed the Attest Experience Requirement**

Page 4 of 4

- if no adverse comments are received, authorize the Executive Officer to take all steps necessary to initiate the rulemaking process, make any non-substantive changes to the package, and set the matter for hearing if one is requested.

**Attachments**

1. Proposed Amendments to California Board of Accountancy Regulations Section 41
2. Proposed Amendments to California Board of Accountancy Regulations Section 50.1





**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 1

### **Proposed Amendments California Board of Accountancy Regulations Section 41 Firm Responsibilities**

#### § 41. Firm Responsibilities.

(a) A firm shall enroll with a Board-recognized peer review program provider, and shall cooperate with the Board-recognized peer review program provider with which the firm is enrolled to arrange, schedule, and complete a peer review, in addition to taking and completing any remedial or corrective actions prescribed by the Board-recognized peer review program provider.

(b) For a firm that issued reports on attest engagements as defined by Article 1, Section 2.4, and where the ownership of the firm is comprised solely of licensees who are not authorized to sign reports on attest engagements pursuant to Business and Professions Code section 5095, prior to the commencement of the peer review, the firm shall provide written notice to the Peer Reviewer or Peer View Team that the firm has no owner authorized to sign reports on attest engagements.

Note: Authority cited: Sections 5010 and 5076, Business and Professions Code.  
Reference: Section 5076, Business and Professions Code.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment 2

### **Proposed Amendments California Board of Accountancy Regulations Section 50.1 Attest Client Notification Regarding Composition of Firm Ownership**

#### § 50.1. Attest Client Notification Regarding Composition of Firm Ownership.

Any licensee employed by a firm in which no licensee owners are authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095 must, prior to engaging in attest services, provide written notification to any attest client or prospective attest client of the ownership composition of the firm. The Notice shall include ~~be provided by any of the following methods:~~ (a) ~~Providing a statement to the attest client or prospective attest client to be signed and dated by the client and retained in the client's records, which states the client or prospective client understands that no firm owners are authorized to sign reports on attest engagements and the name and license number of the licensee the firm has authorized and designated to sign the report on attest engagement on behalf of the firm.~~

~~(b) Posting a written notice on the firm's Internet Web site, disclosing all owner's names and whether each is authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095.~~

Note: Authority cited: Sections 5010, 5018 and 5095, Business and Professions Code.  
Reference: Sections 138, 5018 and 5095, Business and Professions Code.



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



**EPOC Item III.**  
**CBA Item XVI.B.2.**  
September 23-24, 2021

## **Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application**

**Presented by: Dominic Franzella, Chief, Enforcement Division**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss a statutory amendment to Business and Professions Code (BPC) section 5070.1 (**Attachment**) regarding the retired status licensure approval/denial process, specifically related to individuals who have a permanent restricted practice order stemming from prior disciplinary action imposed by the CBA.

### **Consumer Protection Objectives**

Licensees who are approved to have their license placed in retired status are prohibited by law from engaging in the practice of public accountancy. Should the CBA pursue a statutory change to enable a licensee with a permanent restricted practice order to obtain a retired status license, consumer protection will be ensured by enforcing the prior outstanding order if a retired status license is reinstated to an active status.

### **Action(s) Needed**

The CBA is being asked to approve the proposed amendments to BPC section 5070.1 to allow an individual with a permanent restricted practice order to be approved for a retired status license and direct staff to submit the language to the Legislature.

### **Background**

Prior to the implementation of the retired status license, licensees that wished to retire had three options: (1) continue to pay the license renewal fee for either an inactive or active (which would also require completion of the necessary continuing education) license, (2) allow the license to expire and go into a delinquent status until such time as it was canceled five years later, or (3) voluntarily surrender the license.

In 2011, the CBA sponsored Assembly Bill (AB) 431 (Hayashi, Statutes of 2011, Chapter 395) that established authority for the CBA to adopt regulations, creating a

## Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application

Page 2 of 4

process for individuals to apply for a retired status license. AB 431 became effective January 1, 2012. The Office of Administrative Law approved the CBA rulemaking package to implement the retired status license in late 2013, with an effective date of January 1, 2014. The passage of AB 431 and the regulations adopted by the CBA allowed for licensees meeting certain criteria to apply to have the license restored to the active status, if necessary.

As part of the CBA's sunset review process in 2015, the Legislature passed AB 467 (Hill, Statutes of 2015, Chapter 456). In addition to extending the CBA's sunset date, the Legislature included a provision at the CBA's request to allow the CBA and Administrative Law Judges (ALJ) the option of including a permanent restricted practice order as part of the disciplinary process. While this option was used during the stipulated settlement process, there was no statutory authority for the CBA or ALJs to include it as part of a disciplinary order.

Recently, the CBA considered a petition request for a reduction of penalty. The licensee was on probation, but the probation was tolling as the licensee lived out of state, and the disciplinary order included a permanent restricted practice order. The licensee was requesting to terminate probation and place the license in a retired status. The CBA granted the request; however, the order included a provision that should the licensee ever apply to have the license restored to an active status, the previous permanent restricted practice order shall be reinstated.

A question raised regarding the ability to grant the individual's request, centered on language included in the enabling statute for the retired status license found in BPC section 5070.1. Specifically, subdivision (c) states "[t]he board shall deny an applicant's application to place a license in a retired status if the permit is subject to an **outstanding order of the board**, is suspended, revoked, or otherwise punitively restricted by the board, or is subject to disciplinary action under this chapter." (emphasis added)

At the May 2021 CBA meeting, the CBA directed staff to work with Legal Counsel to explore necessary changes to the statutes, regulations, or both to allow for licensees with a permanent restricted practice order to be approved for a retired license status.

### Comments

When the CBA has enacted a disciplinary order against a license that includes a permanent restricted practice order, it, in essence, includes two orders. The primary decision and order that placed the licensee on probation with various terms and conditions (including a restricted practice during the term of probation), and a restricted practice order at the end of any probationary term.

## Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application

Page 3 of 4

The disciplinary order is structured this way to allow the probationary order to run its course and that after probation has ended, the licensee can come off probation, have the license fully restored, with the exception of any restricted practice order imposed by the CBA.

When the CBA sponsored the retired status license provisions in 2011, the CBA was not commonly using permanent restricted practice orders as part of its stipulations, nor had the CBA sought to include statutory provisions to allow for it or ALJs to include in a disciplinary order. The primary purpose behind permanent restricted practice orders is to provide the CBA with a tool to ensure consumer protection while balancing licensees' ability to continue to practice and earn a livelihood, with continued practice in areas not deemed to put the public at continued harm.

While the permanent restricted practice order is still a form of discipline, it seems reasonable that should licensees ever seek to retire the license, the CBA should be able to approve such an application; however, should these same licensees seek to restore the license to the active status any such prior permanent restricted practice order be reinstated. If these licensees wished to have the permanent restricted practice order removed, they would need to petition the CBA through its normal petition process.

In addition to the proposed changes identified regarding the restricted practice order, staff identified another important change, specifically related to deleting the phrase "otherwise punitively restricted" as the necessity and applicability of the phrase is no longer necessary. The proposed language is found in single underline and single strike through in the **Attachment**, and the changes are summarized below.

- Amend subdivision (c)  
This change deletes the phrase "otherwise punitively restricted" as this language is unnecessary and does not accurately reflect disciplinary orders of the CBA. Administrative actions ordered by the CBA are not to be considered punitive.
- Add subparagraph (1) to subdivision (c)  
This new subparagraph adds the necessary authority to allow the CBA to approve a retired status license application to licensees with a permanent restricted practice order. It further clarifies that these licensees shall have completed probation as specified by the original order as necessary.
- Add subparagraph (2) to subdivision (c)  
This new subparagraph establishes that any licensees approved for a retired status license who previously had a permanent restricted practice order in place at the time of approval shall have the permanent restricted practice order reinstated should these licensees have the license restored to active status.

## **Discussion and Possible Action to Approve a Legislative Proposal to Amend Business and Professions Code Section 5070.1 to Update Language Related to the Denial of a Retired Status License Application**

Page 4 of 4

It clarifies that the permanent restricted practice order shall remain in place until such time as the CBA approves a modification or termination of the restricted practice order. Licensees would need to seek such modification or termination via the standard petition process.

### **Fiscal/Economic Impact Considerations**

There will likely be minor costs associated with any change. These would include updating any information found on the CBA website and in other publications associated with the qualifications to receive a retired status license.

### **Recommendation**

Staff recommend that the CBA approve the proposed amendments to BPC section 5070.1, including any additional changes the CBA deems necessary and direct staff to seek its inclusion in a 2022 omnibus bill, seek an author to carry a separate bill, or include it as part of its Sunset Review Process.

### **Attachment**

Business and Professions Code Section 5070.1 – Retired Status Proposed Amendments



**California Board of Accountancy**  
 2450 Venture Oaks Way, Suite 300  
 Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



## Attachment

### Business and Professions Code Section 5070.1 – Retired Status Proposed Amendments

(a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the board.

(b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or ~~otherwise punitively restricted by the board~~, or is subject to disciplinary action under this chapter.

(1) For purposes of subdivision (c), a permanent restricted practice order shall not be considered an outstanding order of the board for the purpose of determining if a license qualifies to be placed in retired status. The licensee shall have completed probation as part of any original disciplinary order.

(2) If a license is subject to a permanent restricted practice order at the time the board approves the license to be placed in a retired status, the permanent restricted practice order shall be reinstated if the license is restored from retired status to an active status. Such permanent restricted practice order shall remain in effect until such time as the CBA modifies or terminates the permanent restricted practice order.

(d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).

(2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.

(3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.

(e) The board shall establish minimum qualifications to place a license in retired status.

(f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.

(g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

(h) The board shall not restore to active or inactive status a license that was canceled by operation of law, pursuant to subdivision (a) of Section 5070.7, and then placed into retired status pursuant to subdivision (d). The individual shall instead apply for a new license, as described in subdivision (c) of Section 5070.7, in order to restore the individual's license.

(i) At the time of application, if the applicant has a valid email address, the applicant shall provide that email address to the board.